THE Freeman

IDEAS ON LIBERTY

JULY 1961

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THE Freeman

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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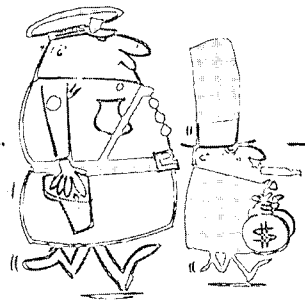
MODERN ROBBER BARONS



WILLIAM HENRY CHAMBERLIN

WHAT little trade went on during the Middle Ages was considerably harassed by a group that has passed into history under the name of "robber barons." Entrenched in castles strategically built in mountain passes or on navigable rivers (the ruins of these castles are still a tourist sight on the Rhine and the Danube), the feudal owners levied more or less regular tribute on merchants and traders who passed within the neighborhood.

The use of gunpowder finally proved the undoing of the robber barons, as of the feudal system in general. Their castles were vulnerable to artillery; and the increasingly absolute centralized State acquired a monopoly of taxation rights as well as of political power.

The term robber barons has been sweepingly and unfairly applied to the pioneer builders of America's industries and railway systems. Unquestionably there was some wrongdoing, fraud, and corruption during the big upsurge of opening up and developing the trans-Mississippi West after the end of the Civil War. Standards of public life were not as high as they should have been; the moral letdown that usually follows big wars made itself felt.

But, by and large, the good which these industrial pioneers accomplished far outweighed the occasional spectacular and highly publicized evil. The transformation of the West, from a land of open prairies and mountains thinly settled by bands of roving Indians, into new settled states made prosperous by farms, mines, and industries and served by ample rail communications, was one of the great achievements of economic history. It was done by enterprising management, free capital, and free labor. The process was cer-

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. He has written a number of books, has lectured widely, and is a contributor to *The Wall Street Journal* and many nationally known magazines.

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tainly more efficient and infinitely more humane than the brutal compulsions employed for the same purposes in the Soviet Union and Red China.

Abuse of Power in Unions

Now there is a new breed of robber barons, those who abuse the vast power which increasing interdependence of the economy and mistaken one-sided legislation have placed in the hands of trade unions. These modern robber barons systematically abuse this vast power in order to pillage their fellow-citizens by means of intimidation, stoppage of essential facilities, the actual imposition on communities of grave inconveniences of all kinds.

What made the plight of the merchant in the Middle Ages still more difficult was that he had to buy off not one but many oppressors. Anyone who could erect a castle on a much used highway could cut in on the spoils. This situation is often duplicated in the twentieth century. It is within the power not only of big trade unions, but of small segments of the membership of these unions, sometimes acting in defiance of the established union leadership, to bring the wheels to a grinding stop and create a paralysis of an essential service.

Happening to visit New York toward the end of January, I found America's largest city in a situation suggesting that a foreign enemy was drawing a tighter and tighter blockade around its supply lines. Some six or seven hundred members of tugboat crews had quit their jobs because they were afraid that, a year hence, management might introduce efficiency changes that would require fewer operators.

Not content with the inconvenience which their concerted withdrawal of work created for the normal supply of New York City with food (this was less than they had counted on), they proceeded to tie up the whole transportation system of the eastern United States. They dispatched persuasive "goon squads" to railway junctions, some of these located hundreds of miles from New York. They turned Grand Central into a ghost terminal. Because of the alleged grievance of a few hundred tugboat operators, tens of thousands of commuters in the New York area were prevented from reaching their jobs and thousands of railway workers were made temporarily unemployed.

Sometimes in traveling in the Soviet Union I experienced considerable difficulty in getting out of a provincial town because of delayed and chronically over-

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crowded trains. I had never imagined there might be similar difficulties in New York. But on the day when I wished to return to Boston, every train had stopped and a blizzard grounded all planes. By good luck I was able to find a bus with an empty seat; but many people, some with more urgent reasons for travel than mine, must have been stranded as a result of a controversy in which they had no part or responsibility.

Soon after my return to Boston the workers of the MTA (Metropolitan Transit Authority), which operates the subway and bus system of Boston and the surrounding area, took it into their individual and collective heads to report sick. This was to evade a state law that forbids strikes in public utilities. The idea was to wield the blackjack of causing immense inconvenience to the hundreds of thousands of people who use the MTA to get to their places of work in order to force management to sign on the dotted line what the union was demanding on a new contract.

The robber baron character of this thinly disguised strike was all the more apparent because the pressure was not being used against a corporation that could show a profit. The MTA, which is publicly owned, has been deeply in the red for as long as the oldest Bostonian can remember; its annual deficit is covered by extra taxation levied on the citizens of Boston and its suburban communities. What the union leaders were demanding (and, needless to say, they got it) was that fellow-citizens, many earning lower wages and salaries than the union members, should dig deeper in their pockets to pay a wage increase that bore little if any relation to the labor market conditions.

Another example of blackjack tactics was the action of airline flight engineers in stopping airline transportation because they did not like a decision of the National Labor Relations Board that one union should represent them and the airline pilots. Perhaps it required the wisdom of Solomon to decide whether there should be one union or two. But a husband prevented from flying to the bedside of a critically ill wife might reasonably resent being made the innocent victim of this all too frequent type of union "jurisdictional" dispute.

Above the Law

The status of the medieval robber barons depended on their ability to deport themselves as above the law; and this is equally true as regards their modern successors. The rule of law, the con-

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ception that no one may do what is legally forbidden to others, is part of the fabric of a free society. But, where trade unions as organizations or their leaders and agents as individuals are concerned, this rule is more often broken than observed.

The disgruntled tugboat workers could stop all trains; the MTA workers could deprive a big metropolitan community of essential transportation; the flight engineers could ground the airlines, all with complete impunity. Suppose the shoe had been on the other foot. What would have happened if the managements of the railways, of the MTA, of the airlines, had decided to shut down service because they were dissatisfied with the revenues they were receiving? They would certainly have been permitted to do no such thing and would probably have found themselves in jail.

Union-Inspired Violence

The Congressional Committee headed by Senator McClellan, investigating racketeering and illegal practices in the trade-union movement, produced a mountain of incontrovertible evidence that many union organizers should be behind bars for outrageous violations of the laws protecting persons and property against violence and destruction. Indeed, not a few of these organizers have "served time," not for anything connected with labor-management disputes, but for acts of common criminality.

Typical cases of union-inspired violence that occurred during an "organizing" campaign for the Teamsters' Union in the South were the blinding of a truck driver in Nashville with tear gas and the burning of two truck drivers in Atlanta with a "Molotov cocktail." These events took place as the McClellan Committee was investigating the case of a Texas union organizer, one Raymond Shafer, who invariably resorted to the Fifth Amendment while under questioning. Mr. Shafer's activities, according to evidence and testimony introduced at the Committee hearing, included bribing Mexicans to burn trucks, trying to arrange the murder of an employer whom he disliked, and ordering that a man who had incurred his displeasure should be beaten unconscious and have the word "rat" etched into his face with acid.

Most trade-union leaders may be personally upright men, pursuing the interests of their fellow-members as they see them. But a minority, as shown by the McClellan Committee investigation, are deeply imbedded in a mire of corruption, gangsterism, and sordid

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connections with the underworld.

The prolonged and bitter strike waged by the United Auto Workers against the Kohler Company, manufacturers of plumbing equipment, furnished interesting and significant illustrations of the "above the law" arrogance of the trade-union bosses. Many individual workers did not want this strike and in the end it petered out, the company carrying on production with the considerable part of its work force that was satisfied with conditions and with newcomers who were hired to replace the die-hard strikers.

From the beginning, the U.A.W. resorted to the crudest methods of intimidation and violence, with little opposition from union-backed local government officials. First there was mass picketing, which made it impossible for the considerable number of employees who wished to get into the plant to do so. When "mass picketing" was stopped by legal injunction, there was a campaign of individual intimidation, with such features as continuous ringing of nonstrikers' phones to shout obscenities, throwing "paint bombs" into the houses of nonstrikers, and sabotaging their cars.

When this sort of thing also failed to stop production at the Kohler plant, the union put on an intensive secondary boycott and made a nationwide effort to induce buyers, by threats and propaganda, to cease dealing in Kohler equipment. Professor Sylvester Petro, in his analytical little book, *The Kohler Strike: Union Violence and Administrative Law*, remarks as follows on the highly one-sided character of much current labor legislation:

"Had the Kohler Company attempted to induce other firms to refuse to deal with the U.A.W. or to hire Kohler strikers, it would have been held guilty of an unfair labor practice with extremely serious consequences . . . yet the U.A.W. was privileged to spread economic harm all over the country, not only to Kohler, but to its entirely innocent distributors and other neutral third parties."

Despite all these patently illegal activities on the part of the trade union, the National Labor Relations Board in 1960, after the strike had been effectively ended for years, ordered the Kohler Company to rehire the strikers on the ground that the company had allegedly engaged in "unfair labor practices." Professor Petro attributes this decision to a belief that a union must never lose a strike.

Should this philosophy prevail, should all risk be taken out of striking, there is no limit to the inflationary pressures that would

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be set loose by wage demands that would bear no relation to market conditions. Professor Edward H. Chamberlin, in his thoughtful booklet, *The Economic Analysis of Labor Union Power*, notes that trade-union members today fall within the middle income rather than the low income sector of our society and goes on to make this point:

"One effect of trade-union policy, with respect both to wages and to nonwage fringe benefits, working rules, etc. which raise costs and thus prices, is to diminish still further the real income of the really low-income groups, including not only low-income wage receivers, but also such other elements of society as 'self-employed' and small businessmen, students, old people and other unemployables, insurance beneficiaries, pensioners, etc., etc. Those who are *really* concerned with the lot of the underprivileged in our economy will hardly be impressed by the claims of the trade-union sector. Today's underprivileged are to be found elsewhere."

Biased Laws

One big factor which makes it possible for union bosses to levy tribute on industry, and indirectly on those who buy industry's products – which means most of the population – is distinct bias in current laws regulating labor-management relations and in the administration of these laws. It has already been shown that the NLRB showed less than impartial wisdom in reinstating the Kohler strikers. More recently, the Supreme Court threw out a number of rulings of the NLRB which were designed to give some protection to nonunion workers and to implement the provision of the Taft-Hartley Law which forbids the closed shop.

The NLRB had ruled that it was unfair to nonunion workers to provide in a contract that the foreman of the composing room and the mail room must be a member of the International Typographers Union. For the same reason it forbade the hiring of casual workers through a union-operated hiring hall, reasoning quite plausibly that a nonunion member would have slight chance of employment through such a hall. It also found that labor and management must refund to employees all union dues collected under an agreement which had been ruled to constitute an illegal closed shop.

The Supreme Court in several decisions has been very sensitive to the rights of accused Communists and subversives and to the claims of certain minority groups. But its consideration, in these

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cases, did not extend to workers who might prefer not to be union members. By knocking the NLRB decisions on the head, it made very difficult the implementation of the law of the land against the closed shop.

The Contributing Factors

What has made it possible for leaders of organized labor – even small minority segments of organized labor – with increasing boldness and effrontery to inflict serious loss to the economy and inconvenience to the community in order to enforce their exactions, in the true style of the robber barons of the Middle Ages? Several factors enter into the situation. More and more workers have been induced or intimidated into joining trade unions. Our whole industrial setup has become more interdependent, so that comparatively small groups can paralyze essential functions of production and transportation. During the last thirty years trade-unionism has been getting a flagrantly favorable bias in the enactment, still more, perhaps, in the enforcement or nonenforcement, of the laws.

And the victims of the new robber barons show little spirit, like the peaceful merchants who regularly paid tribute to the masters of the frowning castles on the Rhine. When a few hundred tugboat workers were able to stop all railway transportation in the New York area, throwing thousands out of work and creating the gravest inconvenience for tens of thousands more, it would have been interesting to see what would have happened if a few thousand frustrated embattled commuters had banded together and engaged in a little spirited "mass picketing" themselves around the union headquarters and around Grand Central Station. But the "innocent bystander" victims of interruptions of transportation and shipping and other essential services usually display a patient submissiveness that is only calculated to encourage further exactions.

The heart of the matter is to bring the vastly larger and more powerful trade unions of the present time under the same rule of law that applies to other citizens. Nine-tenths of the robber baron activities would cease if the simple rule were thoroughly enforced that members of a union as individuals or a trade union as an organization may not do things (from throwing rocks at nonstrikers' cars to organizing secondary boycotts) that would land anyone else in jail. New legislation is less needed than is enforcement of present laws against

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violence, threats, assault and battery, and the like. Consideration also should be given to repeal of all measures the effect of which gives special advantage to trade unions. In that event, it might not be such a rare news item when a company, confronted with big new wage demands unwarranted by conditions of the market, will stand up and fight not only for its own but also for consumer interests, as the Kohler Company did under challenge. ◆

UNSOCIAL INSECURITY

PARKED with your reporter recently in an air-conditioned saloon in Manila, Philippine Republic, a prominent Filipino newspaperman discoursed approximately as follows, concerning certain folkways and conditions in the 7,000 far-Pacific islands (4,000 of them inhabited) currently presided over by the Hon. Carlos P. Garcia:

"There's a saying in our country that all you have to do here to make your dreams of ease and happiness come true is to grow old.

"By that is meant that when you get along in years, your younger relatives – children, if you have them, or nephews, nieces, or whatnot – will take more and more care of you.

"You will get the best room and bed in the house. You will be given first crack at whatever food the family has to eat, and not until you have taken all you want will the others help themselves.

"If you have a little money to help contribute to your support, that is so much the better; but whether you have anything saved up or are an absolute pauper, they don't care, and they will take care of you.

"We do this thing in our country because, when we are young and making any kind of a living, we share what we have with our older relatives, as a matter of course, of duty, of privilege, and of charity.

"I, for example, and if you'll forgive a personal reference, am taking care of a cousin and his family who at the present are

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The above editorial is from the New York *Daily News*, May 1, 1961, by vacationing chief editorial writer Rube Maury.

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unfortunately not in the money. I take no credit for this, and am glad to do it, because – well, there will come a time when I am too old to work, unless I die before then, and it seems reasonable to expect that this bread I am now casting on the waters will then return to me in some way or other.

"This has always been the way things go in these islands – at least ever since the Spaniards colonized them. They have been rather maligned by some historians – the Spaniards. Actually, they brought missionaries with them, who taught faith, hope, and charity; and the Spanish rulers never made any social distinctions based on the color of people's skins.

"It was good when the Americans came, good when they spread democracy in the islands, and good when they gave us our freedom as they had long promised. But I repeat, the Spaniards weren't all bad.

"Excuse me if I seem to wander all around what you call Robin Hood's barn; but what I am getting around to saying is that there is one American device which has been adopted in the Philippines in recent years, that most Filipinos don't like – that they regard, frankly, as an insult.

"I am speaking of Social Security – the State taking over a big part of the job of providing for people after they get too old to work.

"It sounds fine in principle, yes.

"But you bring in this system, and what happens? The State simply takes away from us much of the priceless privilege of looking after our own – and it makes us pay for this deprivation by pinching little pieces off the pay check of everybody who has a pay check coming in regularly.

"You can bet these pieces will grow slowly bigger as time goes on and people demand more and more benefits from the Social Security which they have paid for, and as their younger relatives feel less and less obligated to help them out because the State is supposedly doing such a good job of that.

"As more and more money goes to people who don't produce anything for that money, what guarantee is there that the Philippine peso, now worth about 35 of your American cents, won't go down and down in buying power until it is worth nothing or next to nothing?

"As to what happens then, your guess is as good as mine. But sometimes, in my more cynical moments, I have a feeling that a better name for this so-called Social Security would be Unsocial Insecurity..."

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FOREIGN AID OFF TARGET

JOHN C. SPARKS

SHORTLY after World War II, the government of the United States imposed upon itself the task of saving the world from poverty and illiteracy – thus proposing to stop the progression of communism over the globe. But sixteen years, and expenditures of a hundred billion dollars, have not accomplished that goal. Indeed, critical appraisal reveals a deteriorating condition in many of the countries most "aided," not to mention the weakening effect of such foreign-aid efforts on our domestic economy.

The general motives are not in question here; surely we desire a world free of communism or any other form of totalitarianism. Naturally, everyone but a scoundrel opposes poverty, illiteracy, and poor living conditions. The typical American, taking for granted a level of living higher than the fondest dreams of persons in most other countries, wants his happiness and good fortune to happen to others all over the world. The countries assisted have not quarreled with our objectives to ease their burdens. Yet, despite good objectives, plenty of time, and fabulous sums of dollars, we have completely missed the mark. Since there is no end in sight to our foreign-aid efforts – including the latest scheme, the Youth Peace Corps – it behooves us to re-examine our policies.

In comparing our situation in the United States with that of other peoples, it is well to bear in mind that the population of the rest of the world outnumbers us by twenty to one. Therefore, we can do comparatively little to assist the world by simply sharing our wealth. Who, among us, as the head of a family, could take on the burden of raising the living standard of a hundred additional persons and still support his own wife and children? Yet, this seems to be the never-ending scheme of bureaucrats and well-meaning persons outside of government who urge the spending of other people's money.

What if the United States did

Mr. Sparks is a businessman in Canton, Ohio.

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not exist? What if there were nothing but ocean from the western shores of Europe to the eastern shores of China? Would India, Pakistan, Ghana, Nigeria, Laos, and the host of other nations of the world then have no hope?

Nonsense!

The United States has no corner on natural resources, our geographic area covers only a small part of the earth's surface, our people are not endowed by the Creator with any special allotment of brains or energy – frankly, a number of other countries have generous amounts of these same assets. But it is not mere luck that has brought us to our envied level of living. There is a definite reason for our attainment. In America, for the first time in recorded history, government was established as an instrument of the people to guarantee that each person would be protected in his God-given right to life, to be free to make his own decisions, and to own property. In this great American experiment, men who were free to try their ideas have brought about the phenomenal gains of wealth and health for the whole of the American society. One great enterprise after another began in this manner, each started by an individual willing to risk his property and effort to develop what he thought was a sound idea. Each such advance, repeated untold thousands of times, has benefited not only the successful entrepreneurs but, more importantly, all consumers who are thus afforded better and more desirable products in exchange for less and less of their own personal efforts.

Here is the root of America's success. This is the "magic" formula of individual liberty, sprung from seeds of opportunity in a culture of severely limited government. But this "magic" formula of individual freedom is not the restricted property of Americans. The people of any country can use this same dynamic formula if they so desire.

Misunderstanding at the Top

That our own political leaders have veered sharply away from individual freedom toward collectivism in recent years may be a reason why, regardless of our aid, there is so much reluctance to adopt or even consider the principles of individual freedom in the underdeveloped foreign countries. If our governmental leaders do not understand what made America great, one can excuse the lack of understanding in the countries we are trying to aid.

Collectivist planners have propagandized the world with the won-

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ders of compulsory Social Security, compulsory unemployment insurance, compulsory unionism, public housing, rent controls, price supports, public power projects, federal aid to education, subsidies to various groups in many forms – the list is endless. It would be easy for the people in another country to conclude that a high level of living comparable to that in the United States could be obtained in their country simply by adopting similar laws, not realizing that laws can create nothing.[1] The nature of a collectivist law is to "divide up" that which has been produced by enterprising citizens – like a parasite living off the leaves of a sturdy tree. In America we produced the sturdy tree first; then came the parasites. Wisdom should dictate to the discerning that parasitism taught to our foreign friends will never produce a sturdy tree for them. Furthermore, when the drain to support the parasites existing here and abroad becomes too demanding upon our economy, it will weaken and die.

[1] A recent report from Africa indicates one country's few college students study to become politicians rather than engineers, doctors, and the like because the little wealth available in the country is funneled into the hands of government officials who live in great luxury in contrast to the rest of the people.

Worse than Wasted

Our government leaders have spent billions each year without coming close to the target – like an attempt to make a violinist out of a young man by buying him an expensive violin but neglecting to teach him how to play it. This has been the nature of our foreign-aid policy. Now we will compound ignorance through the latest plan to send our youth abroad for heaven knows what purpose. One example has been suggested: our youth can lend their muscles to provide a road to get the products of the backward people to market. But it hasn't been made clear what these inexperienced expensively-educated young people will do to build roads that somehow were not provided in the past sixteen years with the billions of foreign-aid dollars spent for just such projects. Furthermore, most underdeveloped countries have no shortage of muscles; manual labor is abundant.

The advocates of the Youth Peace Corps stress the teaching of English to the non-English speaking people – as though a second language might help an African, for example, to put a table in his hut with food on it or allow him to purchase better medical care for his family. Assuming that he does learn to read English, what are the prospects of his reading

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anything to enlighten him about the real way to achieve progress – namely, freedom for himself and his countrymen from coercive laws, taboos, or social caste so that he can produce and own the fruits of his production? Saving always occurs when private ownership is protected from thievery, legal or illegal. Saving is the prerequisite of capital accumulation necessary to acquire tools. The earth is stingy in its yield when plied with manual labor only. The earth is generous in its yield to men who have saved to acquire tools that multiply their efforts.

Will the young representatives in the Youth Peace Corps take with them the magic formula that makes America "tick," or will they, too, have been fooled by the false trappings of the Welfare State? Teach about freedom? Certainly not! The Youth Peace Corps, according to its sponsors, will not be permitted to attempt to convert the people they work with to the "American way of life."

This, then, is quite a dilemma! Our educated young men and women are being asked by our government leaders to sacrifice their time and muscles to do manual labor and teach English, but to refrain from spreading the philosophy of freedom (if they understand its value in the first place) – the one basic ingredient of self-responsibility. Again the target will be missed.

The role of government should be to defend a nation from outside attack, as a soldier; and from lawlessness within, as a policeman. The nature of government is not creative. A research institution would not consider for one instant the placement of a project requiring creative ability and experience into the hands of the plant security police. Free men working creatively – *not the government* – brought about the America of which we are so proud! *The absence of governmental interference in the lives of its people was the key to success!*

The peoples of the world we want to help will not respond to any medicine except that which goes to the sources of the difficulty. Billions of dollars spent on quackery will never cure the illness – not even when administered by nice, clean-cut, college-educated American boys and girls.

When the thought leaders of our nation come to understand our rich heritage of individual freedom and the limited government concept, and restore it at home, we again might serve as the beacon light of freedom and progress, attracting the oppressed and downtrodden people all over the world to follow in our footsteps. ◆

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GEORGE W. NILSSON

NOT in the Constitution

Examining the history of the Constitution and the debates that surrounded its adoption by the original thirteen states, Mr. Nilsson concludes that there is no "general welfare power" in the Constitution. He warns that widespread acceptance of the "general welfare" doctrine threatens our liberties.

THE CONSTITUTION of Vermont reminds us:

> . . . that frequent recurrence to fundamental principles and a firm adherence to justice, moderation, temperance, industry, and frugality are absolutely necessary to preserve the blessings of liberty and keep government free.

In addition to the threats of danger from outside of the United States, and subversion within, the constitutional republic of the United States is being threatened by the concentration of power in the federal government in spite of, and contrary to, the "checks and balances" of the Constitution.

Much of such concentration has been due to two World Wars and the Korean War, but more especially by twisting out of shape the interstate commerce clause of the Constitution, (Article I, Section 8, Clause 3), using taxing power for punitive purposes instead of for raising revenue as authorized, and by misusing the general welfare clause.

More and more power is being seized by, or surrendered to, the federal government under the guise of the alleged general welfare clause of Article I, Section 8, Clause 1 of the Constitution, which contains the following language:

> The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States . . .

This clause is followed by sixteen other clauses specifying the

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Mr. Nilsson, who has practiced law in Los Angeles since 1924, is a member of the American Bar Association's Committee on American Citizenship. This article first appeared in the *ABA Journal*, January, 1961.

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various powers of Congress – Clause 2, to borrow money; Clause 3, to regulate foreign and interstate commerce, etc; then Clause 18 gives the Congress power "to make laws necessary to carry into execution the foregoing powers." This last clause would have been unnecessary if Clause 1 gave "general welfare power."

For 140 years it was generally recognized that the quotation from Clause 1 was not a grant of "general welfare power." Many Presidents vetoed acts passed by Congress for that reason.

For instance, President Andrew Jackson, when he vetoed a bill for public improvements, stated:

> We are in no danger from violations of the Constitution from which encroachments are made upon the personal rights of the citizen . . . But against the dangers of unconstitutional acts which, instead of menacing the vengeance of offended authority, proffer local advantages and bring in their train the patronage of the government, we are, I fear, not so safe.

Early in the 1930's some individual "discovered" that the clause granted "general welfare power," and more and more this has been used to pass legislation based solely on this alleged grant of general welfare power.

The rush to pass "welfare" legislation for various pressure groups calls to mind an item in the joke column of *Pay Dirt*, a mining magazine published in Phoenix, Arizona (unfortunately, it is more tragic than humorous):

> If a politician tries to buy votes with private money, he is a dirty crook; but if he tries to buy them with the people's own money, he's a great liberal.

As an illustration of how this alleged "welfare" clause is being misused, here is a quotation from a resolution passed June 15, 1959, at the conference of mayors held in Los Angeles, requesting additional federal funds for urban renewal. It begins as follows:

> WHEREAS, The redevelopment of the blighted and deteriorating sections of American cities is vital to the welfare and prosperity of the entire nation . . .

This, of course, is not a statement of fact but is a self-serving declaration, because the deterioration of cities is due to the failure of the cities to enforce their building and health regulations, and its correction is purely a local matter. That statement is just as illogical as to say that this article is printed with white ink on black paper.

On July 8, 1960, during the Democratic Convention at Los Angeles, the newspapers reported that the mayors of five substantial cities had appeared before the Demo-

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cratic Platform Committee and requested a statement in the platform recommending the establishment in the federal government of a "Department of Urban Affairs" which would have jurisdiction over "such problems as inadequate housing, residential and industrial slums, double shift schools, inefficient mass transit systems, congested streets, water shortages, and sewage disposal."

Every one of these problems is purely local. If the local communities are unable to take care of them, that tragic conclusion is an acknowledgment that the people are unable to govern themselves, and that the principles stated in the Declaration of Independence, the Constitution, and the Bill of Rights are incorrect. With such a hypothesis no American lawyer will agree.

When the Constitution was completed and ready to be signed, Benjamin Franklin made a speech in the course of which he said:

> I think a General Government necessary for us, and *there is no form of government, but what may be a blessing to the people if well administered;* and believe further, that this is likely to be well administered for a course of years, and *can only end in despotism, as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.*

Rules for Interpretation

There is a general rule of law that where the statement of a general proposition is followed by specific provisions, the latter prevail. This rule is stated by James Madison in *Federalist Paper* No. 41 and by Alexander Hamilton in *Federalist Paper* No. 83. It is applied by Mr. Justice Story to Article I, Section 8 of the Constitution, enumerating the powers of Congress, in his book on the Constitution in Sections 909, 910, and 911. He shows that by Clauses 2 to 17, inclusive, specific powers limit Clause 1, referring to general welfare. Section 910 reads in part:

> 910 . . . Nothing is more natural or common than first to use a general phrase, and then to qualify it by a recital of particulars. But the idea of an enumeration of particulars, which neither explain, nor qualify the general meaning, and can have no other effect than to confound and mislead, is an absurdity which no one ought to charge on the enlightened authors of the Constitution. It would be to charge them either with premediated folly or premeditated fraud.

Another yardstick to be used in determining the meaning of the general welfare clause is discussed below; *i.e.*, that the powers delegated to the United States by the Constitution are few, defined, and limited.

Here let us read a relatively

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modern statement of that rule:

Justice Frankfurter, in the opinion in *Polish Alliance* v. *National Labor Relations Board*, 322 U.S. 643, 650 (1943), said:

> The interpenetrations of modern society have not wiped out state lines. It is not for us to make inroads upon our federal system either by indifference to its maintenance or excessive regard for the unifying forces of modern technology. Scholastic reasoning may prove that no activity is isolated within the boundaries of a single state, but that cannot justify absorption of legislative power by the United States over every activity.

Climate of Opinion in 1787

In 1787, when the Constitution was adopted, the colonists had been through eight years of war and four years of "a critical period." Knowing what led up to the war, and reading the charges in the Declaration of Independence, can anyone for a minute think that the colonists generally, and the members of the convention specifically, would have adopted a constitution which granted general welfare powers to the federal government?

The resistance to the adoption of the Constitution, which will be discussed hereafter, shows what the people generally felt.

This is summarized by Albert J. Beveridge in his great biography, *The Life of John Marshall*, in Volume I, Chapter 10, where he writes about the convention called in the State of Virginia for the purpose of discussing the ratification of the proposed United States Constitution. At page 371 he describes the general feeling of the people about a strong central government in these words:

> They [who resisted the Constitution] had on their side the fears of the people who, as has appeared, looked on all government with hostility, and on a great central Government as some distant and monstrous thing, too far away to be within their reach, too powerful to be resisted, too high and exalted for the good of the common man, too dangerous to be tried. It was, to the masses, something new, vague and awful; something to oppress the poor, the weak, the debtor, the settler; something to strengthen and enrich the already strong and opulent, the merchant, the creditor, the financial interests.
>
> True, the people had suffered by the loose arrangement under which they now lived; but, after all, had not they and their "liberties" survived? And surely they would suffer even more, they felt, under this stronger power; but would they and their "liberties" survive its "oppression"? They thought not.

Thomas Jefferson made the same point in a letter in 1823:

> I have been blamed for saying that a prevalence of the doctrine of consolidation would one day call for ref-

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ormation or revolution. *I answer by asking if a single State of the Union would have agreed to the Constitution had it given all powers to the General Government? If the whole opposition to it did not proceed from the jealousy and fear of every State* being subjected to the other States in matters merely its own? And also is there any reason to believe the States more disposed now than then to acquiesce to this general surrender of all their rights and powers to a consolidated government, one and undivided? [Italics added.]

On February 16, 1783, four years before the Constitutional Convention, Pelatiah Webster published a pamphlet containing his idea of a proposed constitution for the United States. The whole draft can be found in *The Origin and Growth of the American Constitution,* by Hannis Taylor, in an appendix beginning at page 529. In paragraph 7 of his proposed Constitution, Pelatiah Webster says:

I propose further that the powers of Congress, and all other departments acting under them, shall all be restricted to such matters only of *general necessity and utility to all the States as cannot come within the jurisdiction of any particular State, or to which the authority of any particular State is not competent,* so that each particular State shall enjoy all sovereignty and supreme authority to all intents and purposes, excepting only those high authorities and powers by them delegated to Congress for the purposes of the general union. [Italics added.]

Articles of Confederation

Article VIII of the Articles of Confederation begins with the following language: "All charges of war and of expences that shall be incurred for the common defence and general welfare . . ."

James Madison pointed out in a letter to Edmund Pendleton, dated January 21, 1792, that the "general welfare clause" had been copied from the Articles of Confederation, and then said:

. . . Where it was always understood as nothing more than a general caption to specific powers, and it is a fact that it was preferred in the new instrument for that very reason as less than any other to misconstruction. [See *Jefferson and Madison,* by Adrienne Koch, pages 128 and 129, and Irving Brant's *Madison,* Volume 3, *Father of the Constitution,* page 138.]

Constitutional Convention Debates

A summary of the day-by-day proceedings of the Constitutional Convention of 1787 is found in Charles Warren's book, *The Making of the Constitution.*

From a study of the records of the Convention, it will appear that from time to time efforts were made by some delegates to have

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the Constitution grant broad general powers to the federal government. Each time such proposal was advanced, it was rejected.

Beginning on page 464 is a discussion of "The Taxing Power and the General Welfare Clause." At page 474 occurs this statement:

In Governor Livingston's Committee Report of August 21, these words had been used with reference to prior debts, and merely described them as having been incurred during the late war "for the common defense and general welfare . . ."

On page 475 Mr. Warren says:

Some words evidently had to be added that would make clear the power of Congress to levy taxes *for all the National purposes set forth in the grants of power subsequently specified in this section.* Evidently the Committee selected these words, "to provide for the common defence and general welfare," as comprising all the other purposes for which Congress was to be empowered to levy and collect taxes. *They selected these words as embracing all the subsequent limited grants of power which the Committee of Detail, in its Report of August 6, had specified as constituting that amount of common defence and general welfare which the National Government ought to control and as to which ought to have power of legislation.* In other words, the phrase "to provide for the general welfare" *is merely a general description of the amount of welfare which was to be accomplished by carrying out those enumerated and limited powers vested in Congress—and no others.* [Italics added.] [See also *James Madison* by Irving Brant, Volume 3, *Father of the Constitution*, Chapter 10, beginning at page 132, which is entitled "General Power or Enumeration."]

Debates in the Various States

History tells us that in 1787 there was great opposition to the adoption of the proposed new Constitution. As a matter of fact, it squeaked through by a very few votes in a number of states. For instance, Massachusetts 187 to 168, Virginia 89 to 79, and New York 30 to 27, and then only on condition that a Bill of Rights be added.

The *Federalist Papers* were written by Alexander Hamilton, James Madison, and John Jay in support of the adoption of the Constitution, principally in connection with the debates in New York, where there was strong opposition to the adoption of the Constitution.

In *Federalist Paper* No. 41, James Madison said (after pointing out the objections to the clause ". . . to raise money for the general welfare . . ."):

But what color can the objection have, when a specification of the objects alluded to by these general terms immediately follows, and is not

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even separated by a longer pause than a semicolon? If the different parts of the same instrument ought to be so expounded, as to give meaning to every part which will bear it, shall one part of the same sentence be excluded altogether from a share in the meaning; and shall the more doubtful and indefinite terms be retained in their full extent, and the clear and precise expressions be denied any signification whatsoever? *For what purpose could the enumeration of particular powers be inserted, if these and all others were meant to be included in the preceding general power?* Nothing is more natural or common than first to use a general phrase, and then to explain and qualify it by a recital of particulars. [Italics added.]

Only Limited Powers

In considering the question of whether this "general welfare" clause of Article I, Section 8, Clause 1 is a grant of power, we must also remember that the powers granted to the federal government were few and defined. James Madison, in *Federalist Paper* No. 45, said:

The *powers* delegated by the proposed Constitution to the Federal Government are *few and defined.* Those which are to remain to the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiations and foreign commerce; with which last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the *lives, liberties* and *properties* of the people, and the *internal order, improvement* and prosperity of the State. [Italics added.]

Alexander Hamilton, himself, who argued in the Constitutional Convention for general instead of particular enumeration of powers, nevertheless said in *Federalist Paper* No. 83:

The plan of the Convention declares that the power of Congress or, in other words, of the "national legislature," shall extend to certain enumerated cases. *This specification of particulars evidently excluded all pretension to a general legislative authority, because an affirmative grant of special powers would be absurd, as well as useless, if a general authority was intended.* [Italics added.]

Since the people were persuaded to adopt the Constitution on the basis that the federal government was being given only limited and specified powers, how dare anyone, in good conscience, now take the position that the words "general welfare" give the federal government unlimited power?

This principle was restated by Franklin D. Roosevelt on March 2, 1930, while he was Governor of

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New York, in a speech which was entitled "An Address on State Rights" (Collected Papers, Volume I, page 569). He said in part:

The preservation of this home rule by the states is a fundamental necessity if we are to remain a truly united country . . . to bring about government by oligarchy masquerading as democracy it is fundamentally essential that practically all authority and control be centralized in our national government, the individual sovereignty of our states must first be destroyed . . .

We are safe from the danger of any such departure from the principles upon which this country was founded just so long as the individual home rule of the states is scrupulously preserved and fought for whenever they seem in danger. Thus it will be seen that this home rule is a most important thing—a most vital thing if we are to continue along the course on which we have so far progressed with such unprecedented success.

Bill of Rights

In many of the states, the Constitution was adopted only when it was accompanied by a resolution demanding that a Bill of Rights be added to the Constitution. If the people of the various states were satisfied with the Constitution as written, they certainly would not have demanded the added protection of the Bill of Rights.

As pointed out above, certainly no state would have adopted the Constitution if the Congress had been given *carte blanche* to pass any law or do anything which it desired or which it felt was for the "general welfare."

This demand for a Bill of Rights, therefore, should be sufficient to prove that the Constitution, and particularly Article I, Section 8, Clause I, did not grant general welfare power to the federal government.

True to his promise, James Madison, in the First Congress, which met in 1789, caused to be passed a Bill of Rights containing twelve sections, ten of which were adopted and went into effect December 15, 1791.

This Bill of Rights, and particularly the Ninth and Tenth Amendments, are further and conclusive proof that the clause that we are discussing did not grant any authority to the federal government to pass any laws based on "general welfare powers."

Statements by Contemporaries

On December 5, 1791, Secretary of the Treasury Alexander Hamilton presented to the Congress his "Report on Manufactures."

Madison delivered an address in Congress against the Report, in which he said in part:

If Congress can apply money indefinitely to the general welfare,

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and are the sole and supreme judges of the general welfare, they may take the care of religion into their own hands; they may establish teachers in every State, county and parish, and pay them out of the public Treasury; they may take into their own hands the education of children, establishing in like manner schools throughout the Union; they may undertake the regulation of all roads, other than post roads. In short, everything, from the highest object of State legislation, down to the most minute object of policy, would be thrown under the power of Congress; for every object I have mentioned would admit the application of money, and might be called, if Congress pleased, provisions for the general welfare.

The report was pigeonholed, the first major defeat for one of Hamilton's most cherished policies. (*Jefferson and Madison,* by Adrienne Koch, page 129.)

Further on the same question, James Madison, on January 1, 1792, in a letter to Henry Lee, Governor of Virginia, said in part:

What think you of the commentary . . . on the term "general welfare"? . . . The federal government has been hitherto limited to the specified powers, by the Greatest Champions for Latitude in expounding those powers . . . *If not only the means, but the objects are unlimited, the parchment had better be thrown into the fire at once.* [Italics added.]

And in a letter to Edmund Randolph (January 21, 1792), said:

If Congress can do whatever in their discretion can be done by money, and will promote the general welfare, the government is no longer one possessing enumerated powers, but an indefinite one subject to particular exceptions. [Italics added.] [*Jefferson and Madison,* by Adrienne Koch, page 128.]

Thomas Jefferson had the same views. He wrote to Albert Gallatin in 1817, about the General Welfare Clause, of which he said:

You will have to learn that an act for internal improvement, after passing both houses, was negatived by the President. The act was founded, avowedly, on the principle that the phrase in the Constitution which authorizes the Congress "to lay taxes, to pay the debts and provide for the general welfare," *was an extension of the powers specifically enumerated to whatever would promote the general welfare; and this, you know, was the Federal doctrine.* Whereas our tenet ever was, and, indeed, it is almost the only landmark which now divides the Federalists and the Republicans, that Congress had not unlimited powers to provide for the *general welfare, but was restrained to those specifically enumerated;* and that, as it was never meant that they should provide for that welfare but the exercise of the enumerated powers, so

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it could not have meant that they should raise money for purposes which the enumeration did not place under their action; consequently, that the specification of powers is a limitation on the purposes for which they may raise money. [Italics added.] [See *Undermining the Constitution*, by Thomas James Norton, page 191.]

Abraham Baldwin, a member of the Constitutional Convention, while a member of Congress, on June 17, 1798, said in the Congress:

> . . . to provide for the common defence and general welfare had never been considered as a source of legislative power, as it is only a member introduced to limit the other parts of the sentence. [*Undermining the Constitution*, by Thomas James Norton, page 189.]

Conclusion

(a) In a book recently published, analyzing some of the decisions of the modern Supreme Court, the writer says: "Enthroned at last, were Hamilton's bold nationalistic views . . ."

To say these modern ideas of "general welfare power" are those of Alexander Hamilton is to malign him. Alexander Hamilton was a great patriot and statesman. His ideas of a new government were far different from those embodied in the Constitution, but after the Constitution was adopted, he faithfully and enthusiastically supported it. For instance, he wrote most of the *Federalist Papers*.

Even though Alexander Hamilton had espoused such ideas as are now ascribed to him, such ideas were not accepted as part of the Constitution as finally adopted and, therefore, must not be used to interpret the Constitution.

Since Alexander Hamilton's views were rejected by the Constitutional Convention of 1787 (not even being referred to a committee, Hannis Taylor, page 200); since Alexander Hamilton was absent from the Convention about one-half of the time, once from June 29 to the middle of August, 1787, and since his views against the inclusion of a Bill of Rights were rejected, the foregoing statement that his views are now being accepted is a clear acknowledgement that the spirit and letter of the Constitution as written are now being perverted.

Against this view attention is called to the *Federalist Papers* which are referred to and quoted herein.

It is therefore clear from history, common sense, the records of the Constitutional Convention, the *Federalist Papers*, the debates in the state ratification conventions, and precedents followed for

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more than 140 years, that THERE IS NO GRANT OF GENERAL WELFARE POWER IN THE CONSTITUTION OF THE UNITED STATES.

(b) While it would seem that such general welfare power is not needed, if it should be determined that it is necessary, then the amending clause of the Constitution should be followed, as was pointed out by George Washington in his Farewell Address:

> If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument for good, *it is the customary weapon by which free governments are destroyed.* The precedent must always greatly overbalance, in permanent evil, any partial or transient benefit which the use can at any time yield. [Italics added.]

The dire results of undermining the Constitution were pointed out by Daniel Webster in his eulogy of George Washington in 1832, where he said in part:

> Other misfortunes may be borne, or their effects overcome . . .
>
> *But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty?* Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security and Public prosperity?

(c) Every lawyer when he is admitted to the Bar takes an oath to "uphold, defend, and protect the Constitution of the United States."

Since the Constitution is being ignored, misconstrued, or bypassed by legislation, by court decisions, and by executive action, it is time that fundamental principles of the Constitution be re-examined, and that every citizen, as well as every lawyer, take his place on the battle line in a new crusade to re-establish the principles and the spirit of the Declaration of Independence, the Constitution, and the Bill of Rights. ◆

IDEAS ON LIBERTY

Judge Learned Hand

LIBERTY LIES in the hearts of men and women; when it dies there, no constitution, no law, no court can save it; no constitution, no law, no court can even do much to help it.

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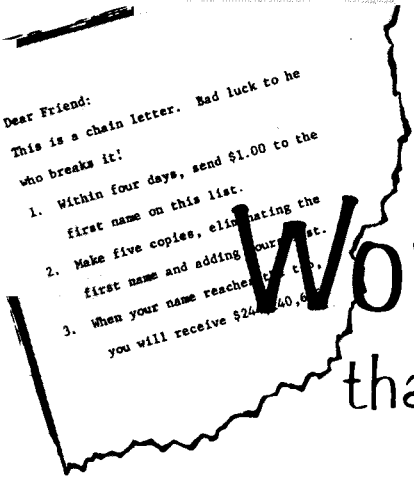
Dear Friend:
This is a chain letter. Bad luck to he
who breaks it!
1. Within four days, send $1.00 to the
first name on this list.
2. Make five copies, eli nating the
first name and adding our
3. When your name reache
you will receive $24

Worse than chain letters!

E. W. DYKES

REMEMBER the "chain letter" idea? You send a dollar to the first of 12 names on a list, add your name at the end of the list of eleven remaining, mail copies to five other persons, and sit back to await your reward!

While waiting, you might check the arithmetic: $5 to the first name on your five lists, $25 to the second, $125 to the third, $625 to the fourth . . . $390,625 to the eighth . . . and $244,140,625 to you, assuming an unbroken chain. The twelve persons ahead of you, including the one to whom you sent a dollar, would have received a total of $61,035,156. And you would be only the thirteenth person to have received any money at all out of that $305,175,781 chain. It might then occur to you that the cumulative amount (which is also the number of people involved) or even your own reward, would be a figure well in excess of the number of men, women, and children in the United States – and that only 13 of them would have received anything in return for their dollars and trouble. At this point, it is easy to see why the Post Office Department has prohibited the use of the mails for this ridiculous and fraudulent chain letter scheme.

Now, change the picture a bit. Suppose you really need the money. Perhaps your house needs extensive repairs at a staggering cost. Or, you've built on land subject to occasional flooding and you'd like a protective levee. Or, you've built in a desert and now want to irrigate the lawn and garden areas. Or, you lack an off-street parking area for your car. Or, you need an expensive surgical operation. Or, you have two

Mr. Dykes is an architect in Canton, Ohio.

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children in college at the same time – or is it just one? Whatever the nature of your financial difficulty, its solution probably appears to be well beyond your means. Surely the Post Office Department would permit a chain letter for any such worthy purpose! (Attempt it at your own risk.)

The federal government is not always so uncompromising, however. Under slightly different circumstances, not only will you be able to avail yourself of the methods of the chain letter but you will be encouraged to find projects to be so financed. Go to your fellow citizens in your city, county, or state, find an immense project which it would be nice to have – or several of them – and apply for federal "aid." And justify the whole procedure on grounds that you could not afford these "necessary" improvements.

Urban Renewal

One form of slopping at the public trough that is now coming into vogue is urban renewal. Many of our larger cities have applied, or are considering applying, for funds available from the federal government for this purpose. Writers on the subject are nearly all agreed that the magnitude of the renewal necessary in most of our larger cities is well beyond the means of these respective cities. By their specious reasoning, these writers show why the downtown problems of Philadelphia, for example, constitute a "national problem" and are thus deserving of federal support. Such reasoning will be strained to the utmost to justify the request of Jonesville, Ohio. Not to be outdone, these smaller cities are now eyeing the grants – and why not? When someone says, "Let's get our share," the rush begins and the line forms to the left.

"Urban rot" is only one of the problems that cities are reputed to be unable to solve within their own means. If city officials go to the right agencies, they can get help for airports, expressways, hospitals, flood control, sanitary sewers, housing – or they can request money for planning in order to return later with more effective appeals for the big money.

Outside the cities there is aid for the farmer if he doesn't plant. Or, if he raises crops, he can borrow on them from the government which maintains unlimited and indefinite storage. The government offers flood control on the one hand, irrigation on the other. Minimum wage legislation and depressed area relief are other conflicting objects of government intervention. And, there is government spending for highways,

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power projects, rural electrification, aid to education, foreign aid, and so on.

Everyone Pays

Please note that the projects listed, and others too numerous to mention, in one way and another embrace our entire population. The basis for any federal "aid" has always included the reason that the governmental unit aided could not afford the particular expenditure. The clear implication is that the federal government can. Were it not for the overwhelming evidence to the contrary, we might let it go without saying that virtually everyone knows that the source of federal funds is from the same people who presumably are to be benefited. Only an absolute illiterate could be unaware of the large – and growing – federal debt.

In the chain letter scheme, the money flows from all the participants to a few who get in early. In this giant federal "chain letter" scheme the same thing is true. The earliest on the various lists will, of course, get theirs. *But if it is true that the projects cannot be afforded locally,* the money is bound to run out. The odds cannot be whipped.

Most people understand the chain letter for what it is. Yet, many of our leading citizens seem unable to see through "federal aid." In my town, the people who should have known better were the ones who pushed through a new expressway costing over $20 million, with only $1.7 million being our "contribution" to the chain! In my town, one of the smartest and wealthiest men said we had to have new hospitals – even if it took federal aid. The president of a large eastern railroad wrote me that commuters must have help. Foremost educators are urging aid to education. Editors of architectural magazines, along with talented architects and city planners, aided and abetted by prominent real estate owners and businessmen, say "urban rot" must be stopped with federal dollars.

Some of these same people talk about the "dollar rot" as though it were a scourge from outer space. When we urge federal money for local projects, we appear oblivious to the fact that we are being bribed with our own money.

The Web of Coercion

The chain letter fraud, in contrast with federal aid, has at least one thing to be said in its favor. A person may participate or not, as he chooses; not so with federal "aid." The citizens of Seattle or Tulsa, whether or not they can

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afford their own urban renewal, must nevertheless support the scheme in Cleveland or Boston or wherever.

The problems we try to solve with federal "aid" are nowhere near as difficult and complex as the problem we will face in trying to untangle ourselves from the web of federal directives, red tape, massive taxation, and deteriorating values – the ingredients of the strong, centralized government we worship in our final dash away from the American revolutionary concept that man derives his rights from his Creator.

Where To Begin

And how are we to change our course? Perhaps this is the most difficult task of all, for it requires great self-restraint on the part of individuals, with no assurance that others will follow their lead. Actually, doing what is right should never require company. The cleverness of federal "aid" is disclosed when we face up to the question, "Will some other area use the money my neighbors and I provided if we don't get our share?" The greater the temptation, the more difficult it is to apply one's principles. But principles, you can be sure, are not really your principles if dropped at the point where application is required.

There seems to be only one thing that will stop this cruel deception short of its ultimate failure. In view of the fact that "aid" programs always require applicants, the scheme will die only when applicants fail to appear. Though none of us has any control over the next fellow, we do – or should – have control over our own actions. We cannot guarantee that the "dollar rot" will end; we *can* guarantee that we will not aggravate that rot and that we will have no part in our country's demise.

IDEAS ON LIBERTY

Ponder This

WE WEAKEN INDIVIDUALS by doing for them what they should do for themselves, thus helping in their destruction. All human life has some pleasantries and all life must suffer some disappointments and trials. How else can one build character? The way we meet these trials and tribulations demonstrates our character and serves as an example and guide to those around us as well as those who must follow.

RALPH E. LYNE, Taylor, Michigan

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MELVIN D. BARGER

persistent voice of protest

Basic economic ideas are presented with masterful simplicity in Warner & Swasey's opinion-forming campaign.

The Warner & Swasey Company, Cleveland, Ohio, is a leading producer of machine tools, textile machines, and construction equipment.

The company was founded in 1880 by Worcester Warner and Ambrose Swasey, a pair of brilliant practical engineers who themselves fulfilled the classic American "success story" of individual enterprise, self-reliance, and integrity. Both Warner and Swasey had passed on by the time the company commenced its "opinion-forming" campaign, but in their own lives they seem to have practiced the basic hard truths that have been so widely publicized by the company they founded.

TWENTY-THREE YEARS is a long time to stick with certain economic and political convictions – especially when the tide seems to be running strongly in the opposite direction. And it's an even longer time to hold fast to a single basic theme for an advertising campaign. But ever since 1938, the Warner & Swasey Company has been doing both with a thoughtful series of advertisements mainly devoted to the sometimes thankless task of raising probing questions about the soundness of our political economy and our national character.

Warner & Swasey calls it an "opinion-forming" campaign. In this day of sharp division between political factions labeled "liberal" and "conservative," there is little doubt that Warner & Swasey's campaign has strong "conservative" overtones. But that isn't the end of the matter: the advertisements are masterpieces in simplicity; they sparkle with ingenuity in the art of stating venerable ideas in fresh ways. They seem to protest persistently and vigorously against the sacrifice – the draining away – of basic American principles.

Most of the advertisements are simple blocks of copy with single

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How much Federal Aid did the Pilgrims get?

THEY were in a Depressed Area. No one guaranteed them high prices for anything. Their only roads and schools were built by themselves. For Security they did their own saving, or starved.

All they had was Character. All they did was Work. All they wanted was Self Respect.

The sum of those three traits became *America.*

But what's going to be the sum of the traits you see today—the traits of character, or, rather, lack of it, that demand more money for less work, put security above self-respect, pamper self-pitying criminals instead of punishing them, give away resources we desperately need to protect ourselves, listen to weaklings that want government to take care of them when they should take care of themselves.

Long years of early-American self-respect and hard work built America, but the traits you see today can destroy it, in half the time.

Warner & Swasey Electrocycle® Lathe producing brass valve bodies.

U.S. News & World Report 4/27/59
Newsweek 4/27/59

headlines. A small photograph at the bottom usually shows a Warner & Swasey product in use, and sometimes there is the added reminder that "you can produce it better, faster, and for less with Warner & Swasey equipment." But the main content of the advertisement has nothing to do with the commercial message.

For example, the provocative headline of one advertisement went like this: "HOW MUCH FEDERAL AID DID THE PILGRIMS GET?"

They were in a Depressed Area. No one guaranteed them high prices for anything. Their only roads and schools were built by themselves. For Security, they

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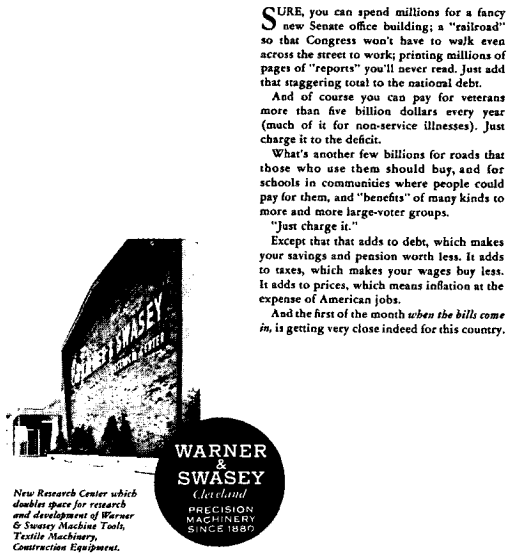
Don't mistake a charge account
for prosperity
SURE, you can spend millions for a fancy new Senate office building; a "railroad" so that Congress won't have to walk even across the street to work; printing millions of pages of "reports" you'll never read. Just add that staggering total to the national debt.
And of course you can pay for veterans more than five billion dollars every year (much of it for non-service illnesses). Just charge it to the deficit.
What's another few billions for roads that those who use them should buy, and for schools in communities where people could pay for them, and "benefits" of many kinds to more and more large-voter groups.
"Just charge it."
Except that that adds to debt, which makes your savings and pension worth less. It adds to taxes, which makes your wages buy less. It adds to prices, which means inflation at the expense of American jobs.
And the first of the month when the bills come in, is getting very close indeed for this country.
WARNER & SWASEY
Cleveland
PRECISION MACHINERY SINCE 1880
New Research Center which doubles space for research and development of Warner & Swasey Machine Tools, Textile Machinery, Construction Equipment.

U.S. News & World Report 11/21/60

did their own saving, or starved.

All they had was Character. All they did was Work. All they wanted was Self-Respect.

The sum of those three traits, the advertisement goes on to say, became America. Next comes the obvious question: What happens to us when we've lost these?

Another sparkling example takes a barbed thrust at our casual attitude toward the National Debt: "DON'T MISTAKE A CHARGE ACCOUNT FOR PROSPERITY."

Sure, you can spend millions for a fancy new Senate office building; a "railroad" so that Congress won't have to walk even across the street to work; printing millions

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of pages of "reports" you'll never read. Just add that staggering total to the national debt . . .

. . . What's another few billions for roads that those who use them should buy, and for schools in communities where people could pay for them, and "benefits" of many kinds to more and more large-voter groups.

"Just charge it."

Except that that adds to debt, which makes your savings and pension worth less. It adds to taxes, which makes your wages buy less. It adds to prices, which means inflation at the expense of American jobs.

And the first of the month when the bills come in, is getting very close indeed for this country.

Perhaps one of the most timely recent Warner & Swasey advertisements was this one, which appeared in the January 16th issue of *U.S. News & World Report:* "SOMETHING MORE PRECIOUS THAN GOLD IS FLOWING OUT OF THIS COUNTRY."

Character, integrity, self-reliance — it is the loss of these American traits that is leaving us more impoverished than the outflow of gold.

As long as Americans earned what they were paid, produced more for more wages, saved for their own security, paid their bills and demanded others do the same — as long as Americans acted like Americans, there was no worry about gold, or balance of payments, or value of the dollar. The dollar was impregnable because American character was behind it.

But when the greedy something-for-nothing, the whining somebody-else-not-me selfishness has sapped American character, American strength goes out with it, as it always does.

Like the cloud that was once the size of a man's hand, Warner & Swasey's campaign first took shape in 1937 and 1938 when the company's sales executives were experimenting with economic ideas to demonstrate how new machines could help companies solve their own business problems even in a depressed business climate. The machine tool industry was just recovering from the worst depression it had ever gone through, and Warner & Swasey sales had fallen to as low as 4 per cent of capacity. Hence, the initial phases of the "opinion-forming" campaign were launched to sell the economics of plant modernization.

But then the American economy sustained another severe shock in the depression of '37-'38, so a new advertisement was prepared with the headline, "The Sun Always Rises," setting the theme that America is too great, too powerful, too dynamic to sell short; that

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Something more precious than gold is flowing out of this country

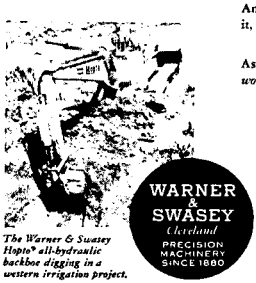
CHARACTER, integrity, self-reliance—it is the loss of these American traits that is leaving us more impoverished than the out-flow of gold.

As long as Americans *earned* what they were paid, produced more for more wages, saved for their own security, paid their bills and demanded others do the same—as long as Americans acted like Americans, there was no worry about gold, or balance of payments, or value of the dollar. The dollar was impregnable because American *character* was behind it.

But when the greedy something-for-nothing, the whining somebody-else-not-me selfishness has sapped American character, American strength goes out with it, as it always does.

☆ ☆ ☆

As these messages quoted in 1942, "It is later—*and worse*—than you think."



The Warner & Swasey Hopto® all-hydraulic backhoe digging in a western irrigation project.

U.S. News & World Report 1/16/61

the wise businessman should not throw in the sponge but should have complete faith that business would rise again, and that he should use the interim to modernize his equipment and so get himself in a stronger low-cost position.

That was in May 1938. From that point on, the campaign tended to scrutinize the whole political economy, rather than just the portion of it that applied directly to the machine tool industry. A particularly chilling note was set in an advertisement that appeared in September 1940, shortly after the fall of France: "50,000,000 FRENCHMEN *CAN* BE WRONG . . . AND WERE!"

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They thought they could eat their cake and have it, too—thought they could be safe from invasion, and yet take life easy. Workmen wanted short hours, business wanted easy taxes, youth wanted play.

Then the Germans came . . .

This one advertisement produced thousands of requests for reprints; in fact, it was reprinted more than 4½ million times! Warner & Swasey officials realized that they had struck a popular chord. Since then, they've covered scores of topics, usually with the single dramatic headline which always tells more than half the story immediately: "THERE WEREN'T MANY FRINGE BENEFITS AT VALLEY FORGE"; "OVERPRODUCTION IS A MYTH"; "THE TIME TO BE CAREFUL IS WHEN EVERYTHING IS WONDERFUL."

According to Walter K. Bailey, president of the company, the basic strategy behind the campaign is to encourage everybody to understand the economic facts of life. "We know that if we do, the soundness of keeping a plant modern, the vital necessity of keeping costs low, will inevitably lead to the purchase of our product. We also know that if we can get the workingman to understand the facts of economic life he will make the most and best use of the modern tools we make. He'll come to know that a modern machine tool is vital to his economic welfare."

Most of the comments on the Warner & Swasey advertisements have been highly congratulatory, accompanied by requests for reprints to be used in classroom work, editorials, and even sermons. But the company has also had its share of comments which say, in effect, "Drop dead!" By answering each letter of this type individually, the company has often won new friends as well as helped change certain viewpoints.

IDEAS ON LIBERTY

Variation

THAT SOME will be stronger, wiser, richer, or more learned, than others, results from the dispensations of Providence, and the varieties of the human frame; and no human power can prevent it.

Charge to the Grand Juries of the County Courts of the Fifth Circuit, State of Pennsylvania, at December Sessions, 1800. By ALEXANDER ADDISON, President of those Courts.

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EXPORTING AFFLUENCE

or — THE THIRD CHILDREN'S CRUSADE

It was a humid summer day
At storytelling time.
Old Kaspar nursed his last cigar
And clutched a thinning dime,
While Peterkin and Wilhelmine
Looked at the panoramic screen.

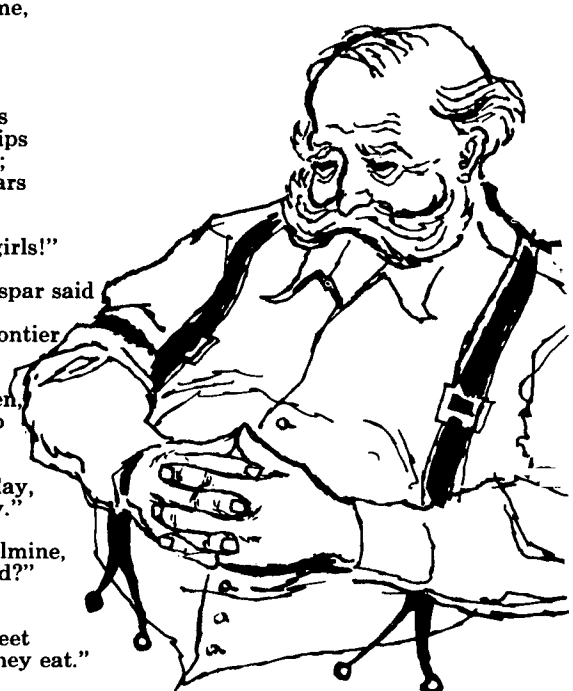
They saw a great Atlantic port
Where rows of girls and boys
Were standing by the waiting ships
Among their books and toys;
While older folks in smiles or tears
Were being hustled off the piers.

"Just look at all those boys and girls!"
The little children cried.
"They're Young Crusaders," Kaspar said
In tones of honest pride.
"They're off to push the New Frontier
To lands in every hemisphere."

"In every land," said Kaspar then,
"Where Young Crusaders go
A fearful monster prowls about
And spreads a pall of woe;
For when he comes by night or day,
He springs upon his hapless prey."

"What is he called," cried Wilhelmine,
"And what makes him so bad?"
"The natives call him *Scarcity;*
And when he's really mad,
He'll drive the loafers off the street
And make them work for what they eat."

"Will New Crusaders track him down
And take his claws and head?"
"When they arrive," old Kaspar smiled,
"He'll be as good as dead.
They'll teach the natives far and near
How Scarcity was vanquished here."



H. P. B. JENKINS
Economist, Fayetteville, Arkansas

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Revolutions—

LIBERAL and CONSERVATIVE

THOMAS H. STEVENSON

THE PAST TWO centuries may well be termed the "era of political revolutions." These years have witnessed armed uprisings all over the globe – in North and South America, in France, in the Germanies, in Russia, in China, and elsewhere. Also, the word "revolution" is often given to nonviolent episodes: many historians apply the term to the elections of 1800 and of 1832 in the United States.

Actually, world history is punctuated by revolutionary occurrences. Just scanning the time since about the year 1000, the observer may note the imposition of the Magna Carta on King John, the institution of the French Estates-General, the German peasant revolts of the 1400's and 1500's, the French Fronde of the 1600's, the English Glorious Revolution of 1688, and a multitude of others. The facts are that people are more aware of revolutions today, and that modern revolutions may involve a greater number of participants. Furthermore, the American Declaration of Independence asserts that revolution is a moral right, and Marxist doctrine proclaims it an inevitability.

Revolution has gained wide acceptance as an appropriate means for eradicating defective or obsolete political, economic, and social institutions. Numerous modern governments are based on recent revolutions and have a "revolutionary tradition." Hence, many people both in the United States and abroad view with favor the

Mr. Stevenson has been a college teacher of history and politics and is now engaged in writing, editing, translating, and research.

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actuality or potentiality of a revolution today.

However – and this point is especially significant for Americans – there are various kinds of revolutions. Now, the essence of a revolution is domestic political change. Yet one of the types of occurrence often called a "revolution" actually constitutes, when successful, international political change; this is a *war for national self-determination.* In a few cases, such as the American Revolution and the American War between the States, these wars were connected with powerful movements aimed at securing domestic political change. On the other hand, most wars and struggles for national independence have not led to, or even been aimed at, sweeping domestic political change; when successful, they have in the main only replaced a foreign tyranny with a domestic tyranny. National self-determination by itself is not a topic in this analysis.

Another type of revolution, which is commonplace in Latin America, results merely in a change of the personnel that exercise political power; these revolutions likewise are not involved in this discussion.

A third type of revolution includes not merely changes in government personnel but also redistribution of power among offices and agencies of the government, and between the government as a whole and the nongovernmental world. But revolutions of this type differ from one another, in terms of the objects or conditions their leaders oppose, the goals their leaders seek, the instruments the leaders use to consolidate their power, the role the leaders assign the people, and the possibilities these revolutions allow for future revolutions. They fall, in fact, into two general subdivisions or classes that for the purposes of investigation in this brief sketch are called *liberal* and *conservative.*

The Meaning of the Terms

It is essential first of all to establish the meaning of the three words, *revolution, liberal,* and *conservative.* Now, what follows is not an exercise in semantics. The purpose of this essay is not to reach a new definition of these terms; the following definitions are purely instrumental.

The chief problem that arises in the definition of *revolution* is that of establishing a distinction from *evolution.* Each word denotes a process of change. Traditionally, a *revolution* has been associated with violence, but today even the Communists shrink from the notion that violence is inescapable. For the purposes of this discussion, therefore, *revolution* may be

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either violent or nonviolent; it is to be distinguished by the facts that it has identifiable and aware leadership, that it is the product of conscious deliberation and volition, and that it occurs at a specific point or period in time.

One other aspect of the term *revolution* is that it should be regarded as an effort that may or may not be successful. That is, certain political figures may desire a change and may take steps to effect this change, but may fail in the attempt. The leaders of the Russian Kadet Party during the first half of 1917 strove to institute certain reforms in the Russian government, but did not succeed. Yet their endeavors certainly comprised a revolution. The same holds true for the leaders of the Confederate States of America. *Evolution,* by contrast, is generally regarded as a transformation that has in fact occurred.

The words *liberal* and *conservative* today have lost almost any objective meaning that they may have once possessed. The main reason for using them is that together they represent a familiar contemporary political dichotomy, and that they serve to tie together a variety of discrete occurrences over the centuries. Certainly, these terms are relative to one another and to the existing situation. Yet at least with respect to intention and direction, *liberal* is employed here much as a present-day "liberal" would employ it, and *conservative* much as a so-called "conservative" would use it.[1]

The Objects or Conditions Opposed

A first contrast between a *liberal* and a *conservative* revolution concerns the objects or conditions that the revolutionary leaders oppose – in other words, the existing objects or conditions that are called upon to justify the beginning of a revolution. The leaders of a *liberal* revolution oppose fundamentally some lack of power, some manifestation of inefficiency, in the central government – especially, today, the legislative branch of the government. Sometimes, as in the era of Richelieu and Louis XIV, this lack of power in the central government becomes evident through the disorder prevailing among local government authorities. The same type of condition has underlain the transformation in the Indonesian government effected by President Sukarno since 1949, and is also the basis for political changes in some of the newly-independent African states today.

[1] The violent disagreement that many present-day "liberals" would express at the conclusions reached here merely illustrates the author's long-standing argument that the terms "confused liberal," "intolerant liberal," and "totalitarian liberal" are all pleonastic.

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Another reason may be the impotence of the government in the conduct of its foreign relations, one of the causes for the emergence of Hitler in Germany. Yet another reason is the insistence of some central government officials that they must carry out some task, which they assert nongovernmental organizations and local government agencies have failed to perform. Such has been a common mode of reasoning in the United States ever since the 1880's, which has come to full fruition only since 1933.

A *conservative* revolution, on the contrary, is led by those who hold that the central government, or the executive branch of the central government, is too powerful. In other terms, a *conservative* revolution is an uprising against what its leaders contend is tyranny or despotism. Furthermore, the revolutionaries claim that the tyranny or despotism has emerged because the executive has usurped new – indeed, "revolutionary"–powers in defiance of the traditional, "legitimate" order of things. Thus, the Magna Carta comprised a royal pledge to desist from particular autocratic actions, a promise of a return to conditions as they were before the king began expanding the royal prerogative. The North American colonists denounced the tyranny of King George in the Declaration of Independence, and insisted that strife had arisen between the colonists and the British government because of "a long train of abuses and usurpations" – meaning the institution of new and "illegitimate" practices. The early leaders of the French Revolution aimed at overthrowing the despotism of the Bourbons, which itself stood on the ruins of the Estates-General. Spokesmen for the Confederate States maintained that with Lincoln as President "the guarantees of the Constitution will then no longer exist; the equal rights of the states will be lost."

Thus, the revolutionaries contend that the central government, or its executive head, has carried out unwarranted or unjustified changes that must be reversed. This is a main argument of those who today reject the proposals and enactments of the "New Deal" and the "New Frontier."

Asserted Goals

The two classes of revolution also differ in the asserted goals their leaders profess – not only in the nature of these goals, but also in their realm and even in their quantity. Indeed, the first point to be noted is that until comparatively recent times the leaders of *liberal* revolutions did

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not have any asserted goals, save, perhaps, the defense of the country from external attack. To put it in other terms, until recently, *liberal* revolutionaries have not regarded the public, the mass of the governed, as an element in the political process. One noteworthy exception to this rule was King Henry IV of France, who was one of the great concentrators of royal power and who has been credited with the "chicken in every pot" slogan. However, the early *liberal* revolutionaries did have the clear aim of establishing domestic order, even if such was not an asserted goal.

By contrast, history is strewn with the statements of the asserted goals sought by *conservative* revolutionaries – the Magna Carta, the Petition of Right, the English Bill of Rights, the Declaration of Independence, and others, even though these statements might be primarily negative. In other words, the leaders of *conservative* revolutions originally regarded the public, or at least a significant portion of the public, as involved in and concerned with their actual goals.

Over the past two centuries, however, *liberal* revolutionaries have developed a considerable body of asserted goals, which bear great resemblance to one another regardless of country. These goals involve primarily the government-achieved economic and social betterment of the lower-income groups. Implementation of these goals, the *liberal* revolutionaries concede, brings a constantly increasing degree of government interference into economic and social affairs, that is to say, the politization – to a greater or lesser extent – of national life. This amounts to a justification for a steady growth in the power of the central government at the expense of local governments and of non-governmental organizations.

The attainment of these asserted goals is to result in a mode of life superior to, and different from, any heretofore existing on earth. Such have been the claims of all modern *liberal* revolutionaries, whether their doctrines be termed socialism, communism, the "New Deal," the "Fair Deal," the "New Frontier," Fabianism, Fascism, or Nazism.

Many Conservative Goals

By contrast, *conservative* revolutionaries, particularly today, have no generally agreed-upon body of asserted goals. With respect to the quantity of government power their philosophy is essentially negative – a stand perfectly typified by the denials of power in the First Amendment to the United States Constitution.

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Fundamentally, their one asserted goal is the highest possible level of well-being for individuals and for the nation as a whole, to be achieved through individual and group nongovernmental enterprise, with the task of the government being chiefly to protect these individuals and groups from foreign and domestic predators.

Conventionally, the leaders of *conservative* revolutions have no master-plan for the future. Their prime insistence is that a restoration of what they view as "fundamental liberties" that have been "abridged" or "eroded away" by the expansion of the central government or of the central executive authority, combined with present-day technology, will produce a level of general prosperity never before reached.

Instruments for the Achievement of Goals

The leaders of the two classes of revolutions also differ as to the instruments – that is, the branches of the government – that they use or would use for the achievement of their asserted goals.

Leaders of a *liberal* revolution invariably rely upon the executive branch, with subservient legislative and judicial branches. In this context the significant feature of the executive branch is that it is customarily unified, so as to afford a concentration of power. The curtailing of feudal disorders in France, which really began under King Charles VII (1422-1461) and was not completed until the time of Louis XIV, was conducted by the kings and their ministers, and terminated with the establishment of an all-powerful executive and the disappearance of the legislature – the Estates-General. The same process in England, under the Tudors, led to the near-disappearance of Parliament. The transformation of the French Revolution from a *conservative* into a *liberal* uprising was signalized by the emergence of the Committee of Public Safety – an early classic of collective leadership – to executive supremacy, and the reduction of the Convention – then serving as a legislative body – to political impotence. Extreme *liberal* revolutionaries today, such as Hitler and Stalin, will maintain the form of the legislature so as to give the people the illusion that they share in the government, but at the same time they make themselves, as executives, supreme. In the United States, important *liberal* revolutionaries such as union heads deprecate Congress and strive to attain their goals through the presidency.

Meanwhile the *liberal* revolu-

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tionaries see to the exaltation of the central government over local authorities. The royal subjugation of the feudal aristocracy achieved this end, for the feudal lords themselves were the fonts of local government. In France the process of centralization culminated in 1793 with the practical destruction of the independence of the departmental governments; leaders of these governments had displayed what the Jacobins in Paris viewed as a perilous shortage of revolutionary fervor. One of Hitler's first steps was to abolish the powers of the various German states and subject them to the executive authority of *Gauleiter* appointed from Berlin. President Sukarno of Indonesia, an outstanding present-day *liberal* revolutionary, in 1950 saw to it that the original federated government of Indonesia was replaced by a unitary structure. The subjection of state governments to the national authority in the United States, which really started in the 1880's, was vastly accelerated by the *liberal* revolutionaries who took charge of the national government in the 1930's.

Reliance on Legislatures

The leaders of a *conservative* revolution, by contrast, depend on the legislative branch of the government for the attainment of their goals. A legislature is invariably multiple, and comprises a diffusion of power among individuals, groups, regions, and interests. The Parliaments and Estates-Generals of medieval times were called in part to acknowledge and assure the ancient principle that taxes could be levied only with the consent of the taxed. In early modern times Parliament became the instrument of the *conservative* revolutionaries who sought to undo the regime of the Stuart kings and revive the traditional limits on the monarchy. In the United States, the early state constitutions were noteworthy for the strength of the legislatures they created, partly as a *conservative* reaction against the powerful colonial governors. The first national government in the United States, under the Articles of Confederation, had only a legislative branch; and the authors of the present Constitution devoted half its length to Congress, again for the purpose of avoiding executive tyranny and to insure American enjoyment of rights guaranteed in the past. French *conservative* revolutionaries of the late 1780's demanded nothing so much as a summoning of an Estates-General, to check the powers of the king and his ministers; and when Louis XVI finally authorized such a step, they pored over old documents to find just what had been the procedures of this body – which had

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last met in 1614. Today, Americans who term themselves "conservatives" are without exception those who most deplore the rising strength of the executive and most strongly require the rebirth of congressional initiative.

At the same time, *conservative* revolutionaries work toward lessening the authority of the central government and strengthening the authority of local governments. The American Declaration of Independence clearly states the colonists' opposition to the powers exercised over them by the British government – that is, the central government – and their demands that these powers be restored to the colonial – that is, local – governments. In the early United States, the national government under the Articles of Confederation was almost completely dominated by the practically sovereign state governments. Later, those who supported this form of government agreed to accept the new Constitution only if it were amended so as to insure the powers of the state governments, with the consequent proposal and ratification of the Tenth Amendment. In France, the same group that had pressed for a summoning of the Estates-General reorganized the structure of French local government, doing away with the highly centralized system that had been developing ever since the time of Charlemagne and replacing it with a network of popularly-elected local executives and legislatures. Partly in order to restore the historic political rights of the German people, the anti-Nazi leaders who took power in Germany after World War II revived the federal structure of government that Hitler had abolished. During the past thirty years the Americans who have termed themselves "conservative" opponents of the prevailing government philosophy have invariably been the ones who have called for a reduction in the powers of the central – national – government in favor of the local – state – governments.

The Relations of the People to the Government

The question of the relations of the people to the government discloses further differences between *liberal* revolutionaries and *conservative* revolutionaries, both at the time the revolutionaries are securing power and at the time they are exercising power. In the main, *liberal* revolutionaries have assigned very little governing authority to the people. Centuries ago, kings in the process of establishing despotisms disregarded the people almost entirely; in fact, by weakening or abolishing the legislative branch of their government

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these kings simultaneously restricted the political power of the electorate.

However, the *liberal* revolutionaries who founded a dictatorship under the Committee of Public Safety in France in 1793 adopted a contrasting policy, one that has been followed by *liberal* revolutionaries up to the present. This is to assume the posture of a "tribune of the people" by enfranchising all adults and by then assigning the voters a plebiscitary role. That is, the voters commonly have been asked not to choose among candidates for office but to indicate approval or disapproval of some step already performed by the government. The desiderata are to have the largest possible number of people vote and to have the largest possible percentage of "yes" votes cast. Napoleon I and Hitler were experts at this practice.

In other countries where *liberal* revolutionaries are securing power or consolidating their grasp on the government, as in the Soviet Union, the voters receive only one list of candidates from which to choose officeholders, yet government authorities make extreme efforts to have a huge voter "turn-out." In the United States today it is the *liberal* revolutionaries who are most concerned with a wide franchise and a large voter "turn-out," regardless of whether there are any real issues in the election.

Limiting the Franchise

By contrast, *conservative* revolutionaries have regularly conceded a formal share in the governing process to at least a fraction of the adult populace. After all, as noted above, it is the *conservative* revolutionaries who deny the government great powers over individual activity; such a denial implies the individuals' participating to a greater or lesser degree in the establishment of the government, in order to set bounds on the sphere of government. It was the *conservative* revolutionaries who introduced elective legislatures during the Middle Ages, and who revived them in the 1600's and 1700's. Often, but not always, *conservative* revolutionaries limit the number of adults who may possess the franchise by setting some sort of qualification, such as property-owning or tax-paying. They justify such qualifications on the ground that a person who cannot satisfy them is neither competent to exercise the power of voting nor concerned with the policies adopted by government officials and agencies.

Even today, the *conservative* revolutionaries who are striving to regain power in the United

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States do not express very great interest in expanding the size of the electorate or the percentage of voter "turn-out." At the same time they are the most articulate in their demands that voters have a "real choice" in candidates and issues during elections.

Possibilities of Future Revolutions

One other marked difference between the two classes of revolution comprises the possibilities of future revolution under a government established by each class of revolution. These possibilities, of course, hinge upon the natures of the governments based on these revolutions, and on the degree to which the revolutionaries have been *liberal* or *conservative*.

Now, the more *liberal* the revolutionaries have been, the fewer political liberties the government they establish will assure the people. The regimes that the *liberal* revolutionaries created in such states as the USSR, Nazi Germany, Fascist Italy, Peronist Argentina, "guided democracy" Indonesia, and Fidelist Cuba have denied the populace virtually all political rights. At the same time, such governments acquire an increasing degree of rigidity, of inflexibility; *liberal* revolutionaries once in power strive to perpetuate their control. The ultimate of this situation appears in Marxist doctrine, which proclaims that the proletarian revolution is the last revolution. When Hitler spoke of the "thousand-year Reich," he doubtless was considering all Europe; but he clearly implied a thousand-year rule of Nazis in Germany. Even in countries in which the revolutionaries have been less *liberal*, as in the United States since 1933, the government has acquired the concretion of an irremovable bureaucracy that has little by little diminished the capacity of the voters to share in political decision-making and consequently to use the ballot for effecting a revolution.

This is arbitrary government, *ad hoc* government, government under the rule of man. Hence, a government established by a *liberal* revolution places high barriers in the way of future revolutions, especially "legal" revolutions. As a result, the more *liberal* the revolution upon which a government is based, the more difficult it is to initiate change in that government without recourse to violence.

Decentralized and Diffused

In comparison, a *conservative* revolution expands the political liberties and powers of the people. A government based on a *conservative* revolution is decentralized and diffused; it is limited

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government, a government based on the rule of law. The rulers of such a government acknowledge the possibility, even the desirability, of future revolutions, which they regularize by means of periodic elections. Hence, the American voter received from the Constitution the opportunity to initiate a modest revolution every two years, and a sweeping revolution every four. The voters actually have not often availed themselves of such an opportunity. Even elections that have involved a change in the majority party, such as those of 1848 and 1852, have brought no significant alteration in the tenor of the government. The election of 1800 led to a *conservative* revolution, for the Federalists were certainly "liberals" in comparison with Jeffersonian Republicans. The election of 1832 brought on a *liberal* revolution, not nearly so much in terms of the extension of the franchise, which has been widely exaggerated, as in terms of Jackson's tribunitial concept of the presidency. The election of 1860 resulted in a *liberal* revolution, which Southern leaders feared and which they facilitated by seceding. The outcomes of the elections of 1920 and 1952 promised *conservative* revolutions that never materialized. The fact is that governments stemming out of more or less *conservative* revolutions are particularly open to subsequent revolutions that may establish a regime barring future change; the ease with which the Nazi *liberal* revolutionaries subverted the Weimar Republic is a great object lesson.

The Irreversible Nature of Liberal Revolutions

That the outcome of a *conservative* revolution is easily reversible, whereas the outcome of a *liberal* revolution may be almost irreversible, poses the greatest difficulty and danger for the citizens of a government based on a *conservative* revolution. In a time of economic stress, it is the *liberal* revolutionaries whose asserted goals may appear the more attractive. Then it requires a determined citizenry to accept the fact that what the people "temporarily" surrender in order to enjoy the asserted goals of the *liberal* revolutionaries they may never be able to retrieve. Indeed, the implementation, or the efforts to implement, the asserted goals of *liberal* revolutionaries almost invariably turn out to be no more than the means for achieving the real, though unasserted, goal – the establishing or perpetuating of a tyranny.

In many countries, notably the USSR and Communist China, the people have been the butts of the

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most hideous practical joke of all: the *liberal* revolutionaries have attained virtually none of their asserted goals, but have easily accomplished their true goal of founding a despotism. Only to a somewhat lesser degree, the policies of the "New Deal" in the 1930's contributed practically nothing to the enduring prosperity of the United States, but they did saddle the American people with an apparently immortal bureaucratic autocracy. The government based on a *liberal* revolution may be the regime of the "common man"; but the government based on a *conservative* revolution demands a nation of "uncommon men," such as the United States was in 1775 and as it can be today.

IDEAS ON LIBERTY

A Pity—But True

AMERICANS are a prudent people. Look at the evidence: In a recent poll, 63 per cent of those questioned said the President and Congress should do something about holding down prices and preventing inflation.

Americans are a good-hearted people. Look at the evidence: In the same poll, 52 per cent of those who answered said they thought the powers that be ought to get busy and provide more medical care for the aged.

Americans are a generous people who like to see the other fellow get a break. Look at the evidence: In the poll, 48 per cent said Congress and the Chief Executive should boost the minimum wage to $1.25 per hour.

Americans are people who also like to see themselves get a break. Look at the evidence: The poll turned up 46 per cent who thought the government ought to "reduce taxes for people like myself."

A higher minimum wage – but no price rise and no inflation. More medical care for the aged, more federal aid to education (said 40 per cent), more housing and slum clearance (38 per cent), more spending on national defense (31 per cent) and to cut unemployment (28 per cent) – but still "balance the budget by cutting government spending" (37 per cent) and, above all, "reduce taxes for people like myself."

Yep, Americans are prudent, good-hearted, and generous. But Americans, judging by that poll, also are a people who need a fast lesson or two in arithmetic and the relationship between cause and effect.

From the Warrensburg, Missouri, *Star-Journal*

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A Government Contract?

Mr. John M. Schoeph, Manager of the Fairfield, Iowa, Chamber of Commerce, recently was solicited as follows by one of the numerous expediting agencies for government contracts:

Dear Mr. Schoeph:

Is your community getting back its fair share of federal tax moneys in the form of defense contracts? Some Midwestern states get only a few cents in contracts for every tax dollar paid, while California, for instance, gets back nearly $3.00 for every tax dollar its people pay out! Part of the answer for your community is to get more firms to bid for the many kinds of prime contracts available....

If you think there are plants in your community which would profitably enter into government work, please let us hear from you or from the firms themselves....

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No, Thanks!

Mr. Schoeph's reply is worthy of note by anyone interested in the theory and practice of competitive private enterprise:

March 22, 1961

Dear Mr._____:

Our community is not concerned with "getting back its fair share of federal tax monies in the form of defense contracts" or any other form of federal dole-outs. We are concerned with getting less federal government for less dollars. We do not regard the recirculation of federal tax dollars as justification for seeking a greater portion of their return nor do we consider the process economically productive.

Our community is more interested in eliminating the crutch of defense contracts and other government spending so that individual people can exercise greater impact on markets by their personal buying choices and purchasing power.

Call us foolish if you will, but it is clear to us that our nation's economy has succeeded on concepts of private enterprise rather than government contracts. We believe in expressing this conviction forthrightly and by not rationalizing wrong into right.

Cordially,
John M. Schoeph, Manager
Fairfield Chamber of Commerce

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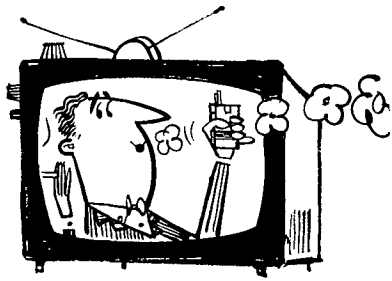
WHY NOT USE *The Pricing System* IN THE *Broadcasting Industry?*

RONALD H. COASE

I APPEAR before you with a strong conviction and a bold proposal. My conviction is that the principles under which the American economic system generally operates are fundamentally sound. My proposal is that the American broadcasting industry adopt those principles.

In presenting my case, I suffer from the disadvantage that, at the outset, I must attack a position which, although I am convinced it is erroneous, is nonetheless firmly held by many of those most knowledgeable about the broadcasting industry. Most authorities argue that the administrative assignment of radio and television frequencies by the Commission is called for by the technology of the industry. The number of frequencies, we are told, is limited. If I might quote a passage with which you are all familiar, Mr. Justice Frankfurter said in the NBC Case in 1943: "The facilities of radio are not large enough to accommodate all who wish to use them. Methods must be devised for choosing among the many who apply. And since Congress itself could not do this, it committed the task to the Commission." In short, the argument is that the selection of broadcast station operators by the Commission is needed because radio frequencies are limited in number, and people want to use more of them than are available.



This article is slightly condensed from testimony given to the Federal Communications Commission on December 11, 1959. The author is Professor of Economics, University of Virginia, Charlottesville.

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But the situation described by Mr. Justice Frankfurter is in no sense peculiar to the broadcasting industry. All resources used in the economic system are limited in amount and are scarce in that people want to use more of them than exists. This is so whether we think of labor, land, or capital. However, we do not ordinarily consider that this situation calls for government regulation. It is true that some mechanism has to be employed to decide who, out of the many claimants, should be allowed to use the scarce resources. But the usual way of handling this problem in the American economic system is to employ the pricing mechanism, and this allocates resources to users without the need for government regulation.

This is the system under which broadcasting concerns obtain the labor, land, and capital equipment they require. There is no reason why the same system could not be adopted for radio and television frequencies. If these were disposed of by selling or leasing them to the highest bidder, there would be no need to use such criteria as proposed or past programming as a basis for the selection of broadcast station operators. Such a system would require a delimitation of the property rights acquired, and there would almost certainly also have to be some general regulation of a technical character. But such regulation would not preclude the existence of private rights in frequencies, just as zoning and other regulations do not preclude the existence of private property in houses.

Advantages of Market Pricing

Such a use of the pricing mechanism would bring the same advantages to the radio and television industry as its use confers on the rest of the American economy. It would avoid the need for much of the costly and time-consuming procedures involved in the assignment of frequencies by the Commission. It would rule out inefficient use of frequencies by bringing any proposal for the use of such frequencies up against the test of the market, with its precise monetary measure of cost and benefit. It would avoid the threat to freedom of the press in its widest sense which is inherent in present procedures, weak though the threat may be at the moment. And it would avoid that arbitrary enrichment of private operators of radio and television stations which inevitably follows from the present system. A station operator who is granted a license to use a particular frequency in a particular place may be granted a very valuable right, one for which he would be willing to pay millions

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of dollars and which he would be forced to pay if others could bid for the frequency. We sometimes hear denunciations of giveaways and their corrupting influence. You, gentlemen, who are administering what must be one of the biggest giveaways of all, must surely have been very uneasy at this aspect of your work. I have not made any detailed calculations, but it would be surprising to me if the extent of this enrichment of private individuals did not amount to hundreds of millions of dollars; and this could be too low a figure. All this is unnecessary. It could be avoided by charging for the use of frequencies.

Freedom of the Press

It has been my experience that such a suggestion as I have made horrifies my listeners. I am told that it is necessary to choose those who should operate radio and television stations to make sure that the public interest is served and that programs of the right kind are transmitted. But, put this way, the case for governmental selection of broadcast station operators represents a significant shift of position from that which justifies it on technological grounds. It is, of course, a tenable position. But if the object of the selection is, in part, directly or indirectly, to influence programming, we have to face squarely the issue of freedom of the press so far as broadcasting is concerned. It may be doubted whether regulation designed to influence programming, and which was instituted for that purpose alone, would be constitutional, but on this a lawyer's opinion would be more valuable than mine.

But in any case it may be doubted whether an indirect attempt to influence programming through the selection of broadcast station operators could ever be very effective. For over 30 years the Federal Communications Commission and your predecessor, the Federal Radio Commission, have been selecting broadcast station operators on the basis, among other things, of their good character and their devotion to the public interest. By now one would expect the broadcasting industry to be a beacon of virtue, shining out in a wicked world. Such, I am afraid, is not the case.

I do not wish to claim that the ethical standards of the broadcasting industry are lower than in the rest of American business. It is enough for my purpose that, in spite of the selective process, it is not obvious that the standards are significantly higher. This is not really surprising. Most people have presumably invested in the broadcasting industry because

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they thought it would be more profitable than any alternative investment open to them; and the list of occupations of broadcast station owners published by the Commission shows them to represent a cross-section of American business.

Of course, it might be argued that the Commission should show more zeal in the future, but I would not urge this upon you. I think it is the cautious approach of the present, and past, Commissions which has made the existing system tolerable. Imagine what would happen if the Commission really determined to inquire into an applicant's morals, beliefs, associations, fair-mindedness, devotion to truth and to the public interest. The situation that would arise would be intolerable, and you may be sure that it would not long continue.

Morality and the Law

In saying this, I do not mean to imply that it is not of supreme importance to maintain high moral standards. It obviously is. But I am doubtful whether it is possible to do much to raise moral standards by governmental regulation. The recent disclosures of widespread deceit, and possibly fraud, in the broadcasting industry are shocking. But perhaps the most shocking aspect of the whole business has been to find that there are many people who cannot see anything wrong with an act if there is no law against it. This attitude, which recognizes no moral restraints, by its very nature cannot be touched by any change in the law.

Furthermore, without moral standards the law itself is largely ineffective. It matters little what the law says if those who administer it can be bribed. Nor is it possible to enforce a law unless most people feel it to be morally justified. The major problem posed by recent events is not one for the Commission but for parents, educational institutions, and religious bodies. It may be that there are some loopholes in the law relating to fraud, but this is a very minor aspect of the whole question. If we rule out, as I think we must, governmental regulation of programming on both constitutional and practical grounds, and also because it cannot touch the basic issue of morality, we can but hope that the changes now being put into effect by the broadcasting industry are not simply an attempt to offset public criticism but represent a new awareness of what right conduct is.

As an economist I cannot but be aware that the nature of the problem has just forced me into a discussion of questions on which

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I have little professional competence. But part of the dissatisfaction with the performance of the broadcasting industry stems from something which falls squarely within the domain of an economist. The American broadcasting system is financed by revenue from advertisements, a system commonly called commercial broadcasting.

Commercial Broadcasting

The essence of a commercial broadcasting system is that the operator of a radio or television station is paid for making broadcasts or allowing them to be made. But he is not paid by those who listen to or view the programs. He is paid by those who wish listeners to receive a particular message – the advertisement, or commercial. However, simply to broadcast the commercial will not usually lead people to listen or view. A program, therefore, has to be broadcast to induce people to listen or view. In a commercial broadcasting system, the object of the program is to attract an audience for the commercials.

With such a system what programs will be broadcast? They are the programs which maximize the difference between the profits yielded by broadcast advertising and the costs of the program. If programs were supplied in the way which is normal in the American economic system, the programs which would be broadcast would be those which maximize the difference between the amount people would pay to hear or see the programs and the cost of the programs. It is easy to see that these are completely different ways of determining what programs to transmit – and that a broadcasting system organized as other industries are (with revenue accruing directly from the consumers) would lead to a very different structure of programs. But how different and in what ways? This is a difficult problem, and it is difficult precisely because the systems are so very different.

Minorities Neglected

The best I can do now is to indicate *some* of the ways in which these two systems will lead to different results. It is clear that some programs which people would be willing to pay for will have costs which are higher than the profits that would accrue from any commercials that might be associated with them and that therefore they would not be made available with the commercial system. Again, with commercial broadcasting, a program which attracts a larger audience may be chosen even though viewers or listeners in total would pay more for one which

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would attract a smaller audience. The result of all this is that commercial broadcasting leaves some sectors of the public with the feeling that they are not being catered for. And this is true. This result is particularly bad because it is often the educated classes who feel that their wants are not being satisfied – and because they are apt to conclude that this is the inevitable result of the working of a private enterprise market economy.

This, of course, is not the case. I need not here go into the rationale of the competitive system, which treats all money demands equally and operates in such a way as to maximize the value of output. But it will hardly come as a surprise to you that, holding these views, I urge you to do all you can to bring about the introduction of subscription television (and subscription radio, too, if possible). There may be practical difficulties standing in the way of subscription television. But I am convinced that there are no substantial objections to subscription television *in principle*.

Much is made of the fact that with commercial television the service is free. The argument is essentially the same as that for socialism and the Welfare State. What is being attacked is the price mechanism. The factors of production used in television are not made available for nothing. They will be paid for by someone: the government out of the proceeds of taxation, the advertiser, or the consumer. What is important is that factors of production should be used where their output is most valuable, and this is most likely to happen if the use of factors of production is determined by what consumers are willing to pay. The objection to a "free" system is that it is not really "free" and it is less efficient. It has been pointed out that, with subscription television, programs will only be seen by those who have the money to pay for them. But if reliance on ability to pay is so unfortunate when applied to television programs, how much worse it must be when applied to food or clothing or housing – or even to television sets and phonograph records.

IDEAS ON LIBERTY

James Russell Lowell

YEARS AGO, when James Russell Lowell was the American minister in Great Britain, he was asked: "How long will the American Republic endure?" His answer was crisp and to the point. "As long," he said, "as the ideas of the men who made it continue to be dominant."

From *Life Lines*

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The Critics of Keynes

RICARDO, said John Maynard Keynes, "conquered England as completely as the Holy Inquisition conquered Spain." But what of the great Lord Keynes himself? His "inquisition" – if the strange comparison be allowed – did not stop at national boundaries; indeed, its conquests have virtually encircled the entire globe.

True enough, the Keynesian inquisition has not made use of torture and the stake to force people into conformity. But the pressures, as any anti-Keynesian who has lived through the past three decades knows, have been subtle and far-reaching – and quite unrelenting. The strange thing is that so many good men saw through the Keynesian theories from the start – and said so at the time of their first encounters with the famous *General Theory of Employment, Interest and Money.*

Henry Hazlitt, one of the original anti-Keynesians, has lived to see the inquisition relax its grip on at least some nations of the world. His *The Failure of the "New Economics,"* published last year, has actually succeeded in making it intellectually respectable to oppose the Keynesian analysis. In the course of writing *The Failure of the "New Economics"* Mr. Hazlitt was impressed by the number of brilliant short discussions of the *General Theory* that he came upon. These were scattered through learned journals dating back to the nineteen thirties, or they consisted of single chapters or a few passages in books that are sometimes not generally available. It occurred to Mr. Hazlitt that it would be a useful idea to assemble them all in one place – and the result is a fat anthology, *The Critics of Keynesian Economics* (Van Nostrand, $7).

Since Keynes's theory is rooted in a rejection of the famous "law of markets" which was first formulated 150 years ago by the French economist Jean Baptiste Say, Mr. Hazlitt begins his anthology with an excerpt from Say and with a "restatement" of Say's Law by John Stuart Mill. It was the contention of both Say and Mill that production creates its own buying

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power. Since, in the last analysis, it takes a good to "buy" another good (even though the exchange may be facilitated by the use of money), Say's Law amounts to a truism. The "Law" does not, of course, insist that markets will be "cleared" automatically merely because the purchasing power released by production (in wages, interest, dividends, and outlay for services and materials) is there to soak up the production. Men make mistakes in judging what consumers want, and there can be a lag in the operation of Say's Law until a mistake in judgment has been corrected by a new equilibrium of economic forces. But the truism remains: it takes a good to buy a good.

What Keynes did, in effect, was to deny that mistakes in judgment on the part of producers would be self-correcting in time. Once a depression had started, he saw a "liquidity preference" constantly impeding the translation of savings into new investment that would produce new and different goods capable of "clearing the market" as the older (and unwanted) goods were sacrificed at cut rates. To get the economy off dead center under "liquidity preference" conditions, Keynes proposed subsidizing consumers (either through government "made work" or through the artificial maintenance of high wages). The subsidy naturally entailed an inflated money supply, or a high rate of taxation, or a combination of the two.

At the time of the first publication of the *General Theory* Jacob Viner objected that Keynes assumed his various "propensities" – the propensity of "liquidity" preference, the "propensity to consume," the "propensity to hoard," and so on – without statistical warrant. "We have almost no reliable information," said Professor Viner in 1937, "about the strength of liquidity preferences under varying circumstances . . ." But even allowing for sensible conjecture, Viner thought that "Keynes has grossly exaggerated the extent to which liquidity preferences have operated in the past and are likely to operate in the future as a barrier to 'full' employment."

An Array of Experts

Hazlitt grants Viner the position of honor next to Say and Mill in his anthology. Other anti-Keynesians follow in brilliant profusion. There is Frank H. Knight, who considered that Keynes's "revolution" in economic thought amounted to little more than a "contribution to the theory of business oscillations" – a "wild overstatement" whose value was

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that it might "serve to emphasize some factors which have been relatively neglected." There is Etienne Mantoux, a talented Frenchman who, before his death in battle in 1945, conjectured that Keynesian policies would be "likely to beget inflation pure and simple." There is F. A. Hayek, who lamented the "*apres nous le deluge*" aspects of Keynes's concentration on "short-run effects." There is Franco Modigliani, whose completely unrelenting mathematical economics so repels the eye that it will probably be skipped by most of Mr. Hazlitt's readers. And there are essays and articles by Benjamin Anderson, Philip Cortney, R. Gordon Wasson, Garet Garrett, Jacques Rueff, John H. Williams, L. Albert Hahn, Ludwig von Mises, Joseph Stagg Lawrence, Wilhelm Roepke, David McCord Wright, and several others, all of whom at least tacitly endorse Mr. Hazlitt's own contention that what is true in Keynes is not new, and what is new is untrue.

Dig Holes, and Fill Them

It would be a physical impossibility, of course, to be fair to twenty or more searching commentaries within the space of a single short review. At the risk of perpetrating a wild injustice, let us concentrate on the contribution of Joseph Stagg Lawrence – a contribution which, in Mr. Hazlitt's words, "is one of the most hard-hitting as well as one of the least technical criticisms of Keynesian economics and policy."

Lawrence is both a satirist of no mean dimension and a brilliant utilizer of statistics in a common-sense way. His list of "new order aphorisms," derived from Keynesian literature, is a sardonic reminder that, if Keynes is right, the way to economic health is to dig holes in the ground and fill them up again. Doubting that Keynes had any idea of what he was talking about when he conjectured that savings and investment must always and everywhere tend to get out of whack under modern economic conditions, Lawrence reminds us that the investments of life insurance companies are in the hands of competent professionals; that social security contributions are promptly spent by the government; that corporate savings are reinvested by the very managements that make them in the first place; that banks live by feeding out credit as they take in money; that the great bulk of savings made by those in the upper fifth of income brackets "is usually invested directly" – and so forth and so on. In short, the "hoarder," the pathological addict of "liquidity preference," is not usually a problem.

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In Lawrence's opinion, Keynes's *General Theory* adds up to a "dignified rationalization of the conduct of the drunken sailor and the fabled grasshopper." Applied by governments seeking "full employment and cyclical stabilization," this "rationalization" of what von Mises has called the "Santa Claus fable" makes shovel-leaning the *sine qua non* of effective modern statecraft. It does not require pages of differential equations to tell us that pyramid building is of dubious economic value – or that modern governmental substitutes for pyramids are what the late Isabel Paterson called "dead-end appliances." Pyramids toil not, neither do they spin. In the nature of things they are not "goods" that can be used in "buying" other goods. To give "purchasing power" to the man who works on a pyramid must ultimately involve filching from somebody, somewhere. Admittedly Say's Law does not make connection with the inflationary "monetary policy" that is normally needed to hide the theft from the populace. Nor did Keynes ever stop to think that pyramids are in themselves hoardings of a sort. The only difference between a miser's hoard and a pyramid-builder's hoard is that one is expressed in gold, the other in stone. Both exist outside the stream of commerce.

▶ THE FEDERALIST: A CLASSIC ON FEDERALISM AND FREE GOVERNMENT by Gottfried Dietze. Baltimore, Maryland: The Johns Hopkins Press. 378 pp. $6.50.

Reviewed by K. S. Templeton

THIRTY YEARS AGO the Spanish philosopher and journalist, Jose Ortega y Gasset, warned of the resurgence of state intervention, by which he meant "the absorption of all spontaneous social effort by the State." In the meantime, the spectacular increase in the level and scope of state power has produced the result foreseen by Ortega – the militarization of society – as a world-wide condition. Ortega's analysis suggested a certain historical inevitability: "Is the paradoxical, tragic process of Statism now realized? Society, that it may live better, creates the State as an instrument. Then the State gets the upper hand and society has to begin to live for the State."

Never in history has a more conscious attempt been made to prevent this "tragic process" than in the founding of the United States. The full dimensions of that attempt are what Professor Gottfried Dietze of Johns Hopkins University reviews in his treatise on the *Federalist* Papers. The story that emerges is itself paradoxical: in proposing adoption of

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the Constitution, the Founding Fathers called for more and stronger government – the *United* States in place of the Confederation – not for the purpose of enhancing state power at the expense of spontaneous social effort, but rather for just the opposite – "as a means for securing the individual's freedom from governmental control."

In this effort, the Founders were truly radical revolutionaries, much more so than they and others had been twenty years earlier in leading the struggle for independence from Great Britain. For it should be remembered that mercantilistic thought – the "New Frontiersmanship" of an earlier day – still had a pervasive influence on politicians, statesmen, and entrepreneurs at the end of the eighteenth century. The idea of government as the instrument of national and social progress appealed even to the so-called "farmers and mechanicks" of the time, thereby giving a group of later historians an opportunity to "explain" the War for Independence as a social democratic, class-struggle revolution! Naturally there is bound to be a struggle for political power among and within economic groups, creating rival "factions" as James Madison termed them, just as long as the State is regarded, or can be used as a vehicle for "social engineering."

But this phenomenon hardly substantiates doctrinaire Marxist analysis, and, as Professor Dietze points out, *The Federalist* arguments in favor of the Constitution marked a tremendous advance toward freedom by attempting to subvert traditional notions and practices of state intervention. In other words, the Founders were trying to establish a government that would properly reflect all of the most libertarian ideas of the Enlightenment – for the first time in history, a Negative State that would release, rather than consume, the individual energies of its citizens.

A Stronger Federalism

But why establish a stronger, *federal* government in place of the weak Confederation for these purposes? How could more government possibly secure the individual's inalienable rights of life, liberty, and property? To begin with, the authors of *The Federalist* saw in the new federal government a means to curb governmental interventionism which had been running rampant on the state and local levels during the 1780's. Tariffs, paper currencies, stay laws, and the like, were infringing on the obligation of contracts and hence undermining property

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rights, the cornerstone of all individual rights. The freedom of the individual, both within each state and outside of it, was therefore being jeopardized. Insofar as these state interventions created interstate animosity, the inalienable rights of the individual were further threatened. And this friction among the states, coupled with a generally weak framework of national government under the Confederation, also undermined individual freedom in the face of threats from foreign nations. Thus, *The Federalist* as Professor Dietze sees it argued for a stronger federalism and union in order to secure freedom by protecting the individual from domestic government, interstate tensions, and foreign powers.

The function of the new federalism of the Constitution was to provide safety for the individual from infringements of government at all levels. Dietze shows that *The Federalist*, while accepting popular participation in government as essential to this end, stresses protective devices of all sorts against "democratic despotism" and unlimited government. Thus, the powers of the federal government which provide checks on the state governments are designed for the protection of the individual, not simply for the indiscriminate enhancement of governmental power. Furthermore, the Constitutional organization of the federal government itself provides for a system of power balances and functional restrictions which, as they are explained in *The Federalist*, lead Dietze to conclude that "the liberal protection principle has primacy before the democratic participation principle."

Totalitarian Democracy

As the first book-length examination of *The Federalist*, Professor Dietze's work is extremely timely, for it serves to reopen the neglected subject of the legitimate ends of government at a time when the Great Depression and the Nazi and communist movements have successively been used as excuses for the tremendous expansion of governmental powers under the presumed sanction of the "general welfare" and "necessary and proper" clauses of the Constitution. In his final chapter, Dietze attempts to assess how *The Federalist* concept of free government has fared during 170 years of American history under the Constitution. He is forced to conclude, as did historian Arthur A. Ekirch, Jr. a few years ago in his *Decline of American Liberalism*, that the classical liberal principles of the Founders have all but disappeared. Dietze accounts for this decline in terms of the

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perversion of judicial review and federalism and in the elevation of the participation principle above the protection principle, of non-economic above economic (property) rights. He suggests that the Founders' greatest fear – totalitarian democracy – has at last become the order of the day, as our judiciary no longer concerns itself with "legitimacy," but only with "legality." *Vox populi vox dei* is the hallmark of the "new Caesars" of the twentieth century. The total politicizing of modern life has reduced freedom to a skeleton – at least freedom as it was understood by men like Madison, Hamilton, and Jay, and in the name of which they argued for the adoption of the Constitution.

In these days of semantic confusion and historical blackouts, it is good to have this record of our Constitutional foundations re-examined. Only as we understand the ideals with which the Founders started can we appreciate how far we have strayed and what errors should be avoided if an opportunity to try to realize those ideas presents itself once again. Perhaps the beginning of wisdom will be our recognition of the magnificent failure of the Constitution – the reliance on a higher form of temporal government – to secure a society of free men. ◆

IDEAS ON LIBERTY

Signs of Underdevelopment

IF FOREIGN AID were fully successful, and we subsidized the rest of the world until everyone was as well off as we are, all of the big problems would still remain. Debts, increasing crime rates, dope, the threat of communism, immorality, taxes, rising costs of living, insecurity, and all the rest of the problems we have would remain.

Surely what we lack in order to solve our own problems, we could never extend to others even as foreign aid. We should be paying more attention to our own underdevelopments before we go around calling other people "underdeveloped."

J. KESNER KAHN

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WHEN a devotee of private property, free market, limited government principles states his position, he inevitably meets a barrage of –

Clichés of Socialism

Available now are suggested answers to the following:

1. *"The more complex the society, the more government control we need."*
2. *"If we had no social security, many people would go hungry."*
3. *"The government should do for the people what the people are unable to do for themselves."*
4. *"The right to strike is conceded, but. . ."*
5. *"Too much government? Just what would you cut out?"*
6. *"The size of the national debt doesn't matter because we owe it to ourselves."*
7. *"Why, you'd take us back to the horse and buggy."*
8. *"The free market ignores the poor."*
9. *"Man is born for cooperation, not for competition."*
10. *"Americans squander their incomes on themselves while public needs are neglected."*
11. *"Labor unions are too powerful today, but were useful in the past."*
12. *"We have learned to counteract and thus avoid any serious depression."*
13. *"Human rights are more important than property rights."*
14. *"Employees often lack reserves and are subject to 'exploitation' by capitalist employers."*
15. *"Competition is fine, but not at the expense of human beings."*
16. *"We're paying for it, so we might as well get our share."*
17. *"I'm a middle-of-the-roader."*
18. *"Customers ought to be protected by price controls."*
19. *"The welfare state is the best security against communism."*
20. *"Don't you want to do anything?"*
21. *"If we need big business, why don't we need big government?"*
22. *"We believe in presenting both sides."*
23. *"If free enterprise really works, why the Great Depression?"*

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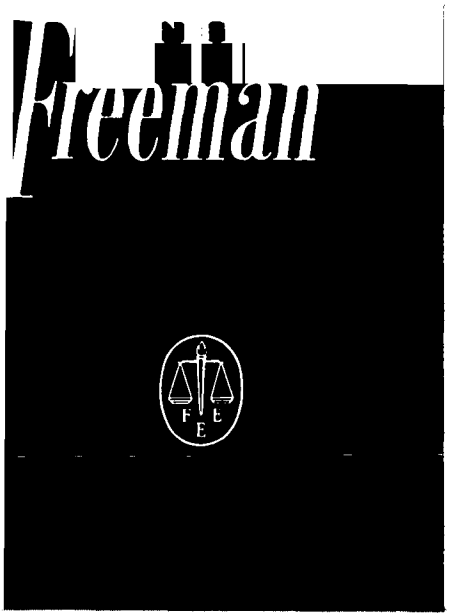

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JULY 4, 1776

■ . . . We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed . . .

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